The China Weekly

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

August 12, 1939

Japan's Alliance Threat

AN EDITORIAL

Will Britain Buy Off Japan?

BY JOHN AHLERS

British Vessels Bombed

Nippon Propaganda Efforts

BY DORIS RUBENS

China's Last Defense Line

BY WILLIAM HENRY CHAMBERLIN

The Jewish Refugee Tide

BY JULIUS RUDOLPH

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Volume 89 Number 11

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Comments from Readers on Current Topics are cordially invited; their opinions, however, do not necessarily represent the views of the *China Weekly Review*.

KIAN BOMBINGS

To the Editor:

About 6 o'clock this morning, just after I had got up from my bed, I was advised by my servant to run out of my house as quick as my two feet could carry me as enemy planes were heard approaching. Two minutes later, three enemy planes were already flying in the clouds overhead of us. After encircling in the sky for a while they released more than ten demolition bombs on the outskirts of this city, causing a few casualties to civilians. Having reconnoitered for nearly one hour they flew away.

What has this to do with our prolonged campaign of resistance? I remember that about this time last year only one begger and a dog were killed in an early morning air raid on this city conducted by 18 enemy planes, when more than one hundred bombs were released. On the morning of July 19 three bombs were dropped in the city without any casualties besides a slight destruction of property.

Even if a large number of civilians can be slaughtered by their bombs in each raid as they desire, it is illusory beyond description for our enemy to think that by so doing our people will eventually stage a revolt against our National Leader and Government. It is said that the cost of one pound of the bomb powder is about $1.80 (do you think this quotation is correct?). How much would it cost our enemy to drop 100 one-hundred-pound bombs on a rear undefended city merely to deepen the hatred and stiffen the grim determination of our people to resist to the bitter end, besides the large amount of oil consumed by their planes? According to my experiences the air bombings of rear civilian cities such as ours are useless and fruitless, besides being wasteful from the military point of view. Furthermore I am sure that our enemy will one day regret having wasted too severely their bombs and oils in their present air raids of our rear undefended cities and villages in case of a major war with the Soviets or other Powers.

H. C.

Kian, Kiangsi,
July 23, 1939

NO WAR EXPECTED

To the Editor:

Reports from the well-informed indicate that the long-advertised European War may be postponed—for a time—as Italy is making no large-scale preparation for war and there is certainly nothing on the surface to indicate anything is amiss. The coffee shortage has been solved and when my boat touched at Naples, I was told that Chesterfields and Philip Morris cigarettes could be purchased on Fridays.

Italian opinion is that there is going to be no war and most certainly that Italy is not going to be involved in one....but everything depends on what attitude or action Hitler takes and no one can predict what is in that man's mind. The longer the Danzig question fritters the more difficult it will be to make war over it. At the moment it seems that Hitler is letting the German population of Danzig (more than 95% are German) stir themselves up, probably with the idea that they will at the opportune time declare their own return to the Reich and thereby force the Poles to take any aggressive action.

Your have probably read in the papers about Mussolini and Hitler's agreement to Italianize the Bolzano province, which fronts on the Brenner Pass, by repatriating 10,000 Germans who live there, and by making an estimated 200,000 more ItIalians of German blood and antecedents choose between going to Germany or remaining Italians. The Italians have said little about it and furthermore, just before enforcing the order embodied in the agreement, all foreigners were ordered to leave Bolzano province. This created a sensation which is still boiling. The official announcement stated that the foreigners were stirring up trouble, spying and indulging in anti-fascist acts. The facts are, according to reliable reports, Hitler wants the 10,000 Germans to help reduce his labor shortage (most of his able-bodied are wearing uniforms), while the Italians want to get the Germans out of this strategic province. They might cause trouble some day. Ordering the foreigners out was a sop to Hitler, in order to prevent them seeing and talking about the trouble caused by evacuating 10,000 Germans.

The Pope is trying to carry on his peace plans but is experiencing difficulties. The French are skeptical, fearing he leans toward the totalitarian states, perhaps not because he loves Mussolini and Hitler but because he hates the Bolshevists. The United States, despite objections, may yet re-establish diplomatic relations with the Vatican.

SHANGHAI ENROUTE.

Paris, July 20, 1939

USEFUL IN ENGLAND

To the Editor:

I would like to say that while I was in England, I found **The China Weekly Review** useful for information purposes and was grateful to your office for sending it with regularity.

W.

Shanghai, Aug. 7, 1939

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Formerly Millard's Review

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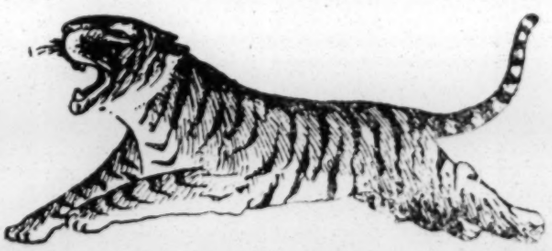

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Japan Trying to Intimidate Democracies by Threat Of an Alliance With the European Axis Powers

JAPAN is once again endeavoring to frighten Britain and France—and, incidentally, the United States—by talk of joining the military alliance of the two European axis powers which was entered into last May. The bogey is likely to prove no more helpful to Japan now than it has been in the past, for no one takes the matter seriously—yet. There will be time enough to worry about such an alliance if and when it becomes a fact.

It is understandable that the Japanese imperialists, viewing the havoc in their relations with Britain and France—and now with the United States—should be casting around for some substantial international tie to end that isolation into which their reckless policies have plunged them. Britain's attitude in the Tokyo negotiations has visibly stiffened and the possibility of a complete breakdown of the parleys is not lightly to be dismissed. If a rupture comes, Britain will scarcely have any alternative but to embark, with the aid of France, on a struggle against the Nipponese imperialists in defense of her positions in this part of the world. The United States, exasperated by Japan's heedless course and the endless broken promises to respect American interests and the persons of American nationals in China, has denounced its trade treaty with Japan, an action which surely foreshadows sterner measures unless Japan quickly demonstrates some measure of that "sincerity" which she always pretends to find lacking in others. Finally, there is Japan's perpetual embroilment with Soviet Russia, one issue succeeding another with scarcely any intervals.

Whether an alliance with the European axis powers is the answer to the international problems which Japan has created for herself is a question which it is not necessary to go into here. Of more immediate interest is the question whether such an alliance is practical politics from any point of view. As far as can be gathered from news dispatches out of Tokyo, the Japanese military, or at least a section of them, favor such an alliance and will "advise" the cabinet to embark on the necessary steps. The "inner cabinet" was believed scheduled to consider this advice at a meeting early this week.

There is reason to believe, however, that the cabinet is divided on this question. Consequently, if the militarists are really bent on securing an alliance and cabinet acquiescence cannot be obtained, the government of Baron Hiranuma may be headed for oblivion. The world may even be treated once more to the spectacle of wholesale political assassinations which more than once have marked periods in contemporary Japanese history.

It is difficult to perceive what advantages Japan could gain from a military alliance with Germany and Italy which she does not already derive from the so-called Anti-Comintern Pact, an instrument which still retains all its nuisance value. Even if an alliance were concluded, it is inconceivable that either Germany or Italy would dispatch naval or military forces to the Far East to help Japan against the democracies. Their main problems lie in Europe and the Mediterranean area, and these problems require their undivided attention. Even if Japan became involved in war with Soviet Russia, there is no reason to suppose that Germany would attack the latter country in the west, unless it suited Hitler's policy to do so.

"Watch Closely This Time"

New Haven Evening Register

There is another aspect of the matter to be borne in mind. Hitler still hopes for an agreement with Soviet Russia. This hope is sustained by the growing doubtfulness of any agreement being reached between Moscow and the European democracies. Is Hitler likely to imperil the chances of a German-Soviet deal, from which Germany would have considerable to gain, for the sake of an alliance with Japan from which Germany could gain little, if anything?

But an alliance would entail obligations for Japan as well. Would a Japanese fleet or a Japanese army be sent to Europe to aid Hitler and Mussolini in a war against the democracies? The idea is fantastic. Japan is already harrassing the democratic powers in the Far East—the only region where she can do so effectively. What more could Germany and Italy gain by entering into a hard and fast alliance with the Island Empire in the East? To pose the question is to suggest the answer.

In the light of these circumstances it is fair to assume that Japan has revived the specter of an alliance with the totalitarian states as a diplomatic weapon. The Anglo-Japanese negotiations in Tokyo have clearly reached a critical stage and the increasing violence of

Japan's anti-British campaign—the latest act being the deliberate destruction of two British ships by Japanese bombers at Ichang—may force the British Government to take a stronger stand than heretofore. This may blast all the hopes which Japan has pinned on the Anglo-Japanese negotiations—hopes which, in their sum and essence, envisage British recognition of the "New Order in East Asia."

And so, as it appears at the moment, Japan has dragged out the alliance bogey once more. But bogeys, in the twentieth century, have largely lost their power to frighten and intimidate. Ghosts and specters no longer hold potency, except for the superstitious. That Japan has to employ a bogey against her much more powerful rivals is an infallible sign of her own weakness. Even if an alliance with the Axis powers should ultimately eventuate, Japan's international position would not be materially altered—except, possibly, for the worse.

Nevertheless, Japan has been endeavoring to invest the bogey with an air of reality. The Japanese ambassadors to Germany and Italy, Toshio Shiratori and Lieut.-Gen. Hiroshi Oshima, met at the Villa d'Este on Lake Como, Italy, over last week-end and Japan's propaganda agencies saw to it that the desired interpretation of the meeting was cabled to the four corners of the earth. Lake Como was chosen as the venue of the conversations between the Nipponese envoys, because it was there that Germany and Italy concluded their military alliance last May. Press correspondents played the Japanese game by drawing from this fact precisely those inferences Japan wanted drawn.

The same type of propaganda by inference has been encouraged by Japan in connection with the recent departure of the Japanese delegation which is to attend the Nuremberg conference of the German National Socialist Party next month. To create the needed impression, two prominent military men—Gen. Count Hisaichi Terauchi, former War Minister and commander-in-chief of the Japanese Expeditionary Force in North China, and now a member of the Supreme War Council, together with Admiral Mineo Osumi, former Navy Minister and also a present member of the Supreme War Council—were chosen as the principal delegates.

The thoroughly regimented Japanese press has also been playing the role assigned to it in the diplomatic game. Tokyo newspapers on August 4 raised the question why the Government had hesitated to carry out the "planned strengthening" of the Anti-Comintern Pact by adhering definitely to the European axis alliance, despite the fact that certain signs pointed to common action against Japan by Britain, France and the United States. The Nationalist organ, *Kokumin Shimbun*, declared that Japan, if need be, should break off negotiations with Britain and carry out "a decisive reorientation of Japanese policy with respect to certain countries, including the United States. Japan's sole chance of mastering the situation is to conclude forthwith a milltary alliance with Germany and Italy."

The European axis powers, of course, even though they may not be particularly keen about an alliance with Japan, have not been slow to recognize the diplomatic value of the threat of such an alliance. Mussolini's press, in particular, played up the Lake Como meeting and the departure for Europe of the Japanese delegation to the Nuremberg congress. One might gather the impression that a mountain is in labor. Will it bring forth even a tiny mole?

Chicago Daily News

With Theodore Roosevelt there wouldn't have been any Tientsin incident, says this cartoonist.

Sino-British Financial Meet Said Scheduled

A Sino-British Conference of great financial significance will soon be held in Hongkong, according to, Chinese reports. Problems relating to Chinese currency and the Anglo-Chinese Exchange Stabilization Fund will be discussed by Chinese and British representatives, including T. V. Soong, chairman of the Board of Directors of the Bank of China or Mr. Tsuyee Pei, manager of the Shanghai office of the Bank of China, and Mr. Cyril Rogers, high official of the Bank of England and member of the Anglo-Chinese Exchange Stabilization Fund Committee.

It was also stated that Sir Frederick Leith-Ross, high financial adviser to the British Government, and K. P. Chen, head of the Chinese Economic Mission to the United States, are on their way to Hongkong from London and New York, respectively.

Will Britain Attempt to Buy Off the Japanese?

BY JOHN AHLERS

THE ghost of a financial arrangement between London and Tokyo, calculated either to facilitate or to seal a political understanding between the two Island Empires, is walking again. The re-appearance of this specter has been much talked of recently in leading Japanese financial circles, and is also getting much attention in the City of London. A nightmare to some, it is a familiar and hope-inspiring manifestation to others.

The public would be naive if it believed that the news released by the British as well as by the Japanese, on the Anglo-Nipponese negotiations in Tokyo and elsewhere was all the news and nothing but the news. Secret diplomacy in countries big and small, old-fashioned and new-fashioned, in our time is triumphing again. There is an inside story of the Tokyo negotiations which the participants carefully refrain from telling the public. When this story will be told openly, perhaps only in decades to come, it may describe another British attempt to buy off the Japanese.

With all due respect to Mr. Neville Chamberlain and Lord Halifax, they will not succeed in making us believe that it is they, personally, who are running the London government and making British policy. We could believe just as well that Messrs. Hiranuma and Arita were running Japan and making Japanese policy, or that the S.M.C. was running Shanghai. All of these gentlemen are merely spokesmen of other gentlemen and interests preferring to keep a little more in the background. The firm of Hiranuma, Arita & Co. has been reduced to representing the Japanese military, and the firm of Chamberlain, Halifax & Co. is handling the political affairs of the London City.

Both these powers *de facto*, i.e., the Japanese military and the London City, of late years have given sufficient proof of the deplorable fact that they have forgotten much and learnt but little. Both are given up to gross superstitions which frequently appear to be an insult to common sense. The Nipponese military seriously believe that by killing *en masse* and destroying in bulk they will be able to create a new world in which they themselves will be better off.

Under the silken top-hats of the London financiers the thought persists that by shrewd borrowing and lending of money they will manage to maintain that old world in which they have done so well. Neither do Japan's military foresee that they will ultimately destroy themselves, nor do the London financiers fear that they may be on a smoothly paved way to ultimate bankruptcy. Tokyo's belief in hold-ups with bayonets, and London's confidence in tying others with golden strings, still are unshaken.

In London and Tokyo, a great many brokers, commissioned as well as volunteering ones, are at work in determined efforts to bring Great Britain and Japan together again. The idea underlying these efforts is quite simple. If both countries were bent on establishing a new world, and if each of them conceived that world differently, there would be no hope of an understanding. The fact, however, that only Japan wants a new situation while Great Britain is desirous of maintaining the *status quo*, obviously opens perspectives of a certain arrangement between the two. There must be somewhere, the middlemen calculate, a minimum limit with which the Japanese would be satisfied, and their problem is to approach this limit by the maximum of concessions which the British may be willing to make.

The fact that these two lines of demarcation do not yet meet is creating the current Anglo-Japanese trouble, and it is here that British money comes in. The British have the money which the Japanese desperately need. London, of course, would not give to Japan funds for continuing her military campaign, but the City might be prepared to help the Japanese to make the most out of what they have conquered already, provided they desist from further conquest in the direction of British interests, the brokers argue. This is a proposal which greatly interests Japanese financial circles, who are fed-up with the war and now want results

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which may be expressed in the form of higher figures to the credit of the profit and loss account of Japanese private capitalism.

It all boils down to another idea of buying off Japanese bayonets with British pounds. The idea is not a new one. A historian of the present time writing after a few hundred years probably will not find much difference between this idea and the practices of the decaying Roman and Byzantine empires. Both of these empires were constantly squeezed by all sorts of barbarians. If some barbarian power became too dangerous and managed to parade its forces under the very walls of Rome or Constantinople, the ancient emperors dug deep into their treasuries and made a big money present to the barbarians in return for their retreat, with all the loot made in the outlying provinces, from the capital of the empire. Frequently this present was smaller than would have been the cost of desperate fighting, but the barbarians returned again and again and finally exhausted and overthrew the empires.

Today, of course, buying off the Japanese would, on the surface, assume the characteristics of a business deal. There would be credits and/or loans, interest and amortization, premiums and discounts, perhaps bonds, and all sorts of tricky financial arrangements. There would be commissions for financiers, and the lambs would be stung. The Japanese would formally obligate themselves to repay, and to abide by all the terms arranged. To balance the financial agreement,

there would also be some sort of open or secret treaty or understanding under which the Japanese would pledge themselves to be content with a certain volume of booty out of their present China war, plus the British pay-off, and to behave nicely in the future. It is by no means impossible that such an arrangement may be reached. There is the great question, however, as to what the Japanese signature would be worth beneath any treaty or arrangement of this or any other sort.

Financially, the Japanese pretend great respectability. They point to the fact that they have promptly and fully serviced all of their foreign loans. With American brokers and banks, these Japanese foreign loans actually enjoy the highest nominal rating. There has been no

It Certainly Calls for Patience

Glasgow Bulletin

default. It is highly problematical, however, whether the Japanese will continue meticulously to service these foreign loans if this time the British "Sesame" does not open. Their foreign exchange position is extremely tight. Their specie and exchange reserves are extraordinarily small. If they have continued to pay their loans throughout the present war, they obviously have done so with a view to securing, sooner or later, further loans and credits. If this expectation should not be fulfilled, their loan policy is likely to change. Tokyo papers only recently hinted that the Japanese foreign loan service might be suspended as a measure of reprisal against the Anglo-Saxon powers which once granted the loans in question.

It is frequently overlooked, moreover, that Japanese financial policy is two-faced. On the Far Eastern continent, that policy enjoys the very worst reputation. In all of their conquests in China, the Nipponese have not shown any respect for private property, rights and obligations, but have indulged again and again in the most appalling expropriation, confiscation, and financial juggling and gambling. In order to know what we are up against, we have but to look at the fate of the various pseudo-Japanese and pseudo-Chinese currencies circulated by the Japanese over here in China, at the treatment here of their own and of the Korean yen, at the confiscation of customs and railway revenues in China and the resulting default of China's foreign loans. Japanese financial assurances in China, within the two years of war, have been defaulted in dozens of instances.

Even disregarding these samples of Japanese financial unrespectability, the author of this article still would be at a complete loss to understand why, upon the mere strength of the still continuing service of Japan's foreign loans, Nipponese financial assurances should be valued higher than political ones. After experiencing how the Japanese signature beneath the Nine-Power Treaty has been honored, how the principle of the "Open Door" in China and western interests in this country have been "respected" by the invaders, the question may well be asked whether there is the slightest guarantee that any Nipponese assurances will be kept in the future.

Here in China, for almost ten consecutive years, it has been the established policy of the Nipponese to default piecemeal, one after another, all of their obligations and undertakings as regards the Chinese and other established interests. The attempt to cope with, and to satisfy, the Japanese by giving way gradually to their aspirations, has ended in complete disaster for the Chinese as well as the others. The Japanese were not to be satisfied definitely by any concession. Of every concession that was made to them in the erroneous belief, encouraged by the Japanese, that it would be the last, they have taken full advantage. In every instance, however, a short time after securing the concession concerned the Japanese staged further trouble for the liquidation of which they demanded further concessions. Thus the Nipponese acquired in the Far East their well deserved reputation for insatiable appetites, as well as for utter unscrupulousness and unreliability. There still appear to be circles in London which are not aware of this Japanese reputation.

If the British plan to pile upon the heap of errors of their past policy vis-a-vis Japan the crowning mistake of trying to buy off the Japanese now, and of providing them with money at the very moment when they most badly need it, the Japanese will take the money. They will take it, and use it to consolidate and strengthen their present financially weak position. And after that, they will confront the British and the other powers with further trouble, culminating in new demands, and will endeavor to play their notorious game of squeeze and broken promises all over again. Not only will the money given them be lost; not only will they default all assurances which Tokyo may be prepared to give now in order to obtain money quickly, but also that money will be used to prepare a still more ferocious attack against those who are expected to supply it.

FOOTNOTE TO TIENTSIN

(New Republic, N. Y. July 5)

On January 16, 1885, Arthur Nicolson, then the British charge d'affaires in Athens, was stopped on a little mountain path and struck several blows with a stick by an addlepated Greek gendarme. Nicolson furiously complained to the Greek government, and in a few hours the offending gendarme had been arrested. According to the account of the incident in Harold Nicolson's "Portrait of a Diplomatist," an official note of apology was presented from the Greek government, and the King sent his aide-de-camp to express regret. Nicolson insisted, further, that the gendarme should be publicly dismissed and an order of the day read to the assembled gendarmes stating the reasons for dismissal. To this the Greek government agreed.

Unfortunately, the order of the day, as published, appeared to throw the blame on Nicolson. The British charge d'affaires then demanded that a new order of the day be drafted. This was read to the gendarmes, drawn up in the Place de la Constitution. At the close of the ceremony, in the presence of the British consul, the band played "God Save the King."

The diplomats in Whitehall thought Nicolson had gone "a little beyond what was quite necessary," but his action was officially supported. Of course this all took place in 1885.

Two Years of War and Gloomy Prospects for Future

THE fact that Shanghai is again an armed camp with the streets patrolled by armored cars and tanks and police and volunteers carrying sub-machine guns; with armed Japanese pickets still searching and insulting people on Garden Bridge, and nightly sounds of gunfire in the adjacent suburban districts indicating clashes between Japanese troops and guerrillas constitutes evidence that Japan's objective—the creation of a new order in East Asia—is still to be achieved.

Japan started out with the object of overthrowing Gen. Chiang Kai-shek and delivering the Chinese masses from their oppressors. Gen. Chiang is still functioning in Chungking and in areas where the Chinese "oppressors" have been eliminated, worse ones in the form of Japanese warlords have been substituted.

The fact that Chinese National Currency is now quoted at the rate of about $14 for one American dollar —and Japanese Yen at about the same figure—indicates more definitely than anything else the havoc which the Japanese invasion has wrought in Chinese economy—and also in Japanese national economy. The Japanese Army started out to wreck Chinese currency along with the Chinese armies and Chinese economy. The campaign has been so successful that Japanese Yen also appears to be on the toboggan.

Since China has about $3,000,000,000 in notes in circulation and the Japanese have added to this uncounted hundreds of millions of paper yen, military notes and puppet currencies, it appears that the Japanese invasion may yet be smothered in a veritable flood of repudiated paper money. If the Japanese should succeed in their plan of bringing about the collapse of Chinese national currency, the first result will be the complete disappearance of the Japanese gold reserve, because Japanese paper yen cannot be used for financing foreign purchases. Up to the present the Japanese have financed their purchases of wheat, cotton, oil and war materials largely with Chinese national currency which they have obtained in innumerable ways, most of them devious ones.

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Nathaniel Peffer, one of the keenest observers of developments in the Far East had the following to say in a recent article in the *New Republic* on the question of Japanese economy and the axis issue. "The two figures to watch, if one wishes to gauge Japan's viability, are her exports and her gold supply. Yen-bloc countries included, Japan's exports fell off 16 percent in 1938; but if only those countries are included from which Japan gets foreign exchange in payment, exports fell off by nearly 33 percent. Taking the countries with which Japan must deal in foreign exchange, Japan's imports were nearly 500,000,000 yen larger than exports. The balance must be paid in gold, less certain invisible items which also are shrinking. As to gold supply, it is impossible to make definite statements, since Japanese figures are now guarded or willfully distorted. But the most optimistic calculations do not give the country more than 500,000,000 yen left by now. New gold mined in the country comes to some 200,000,000 yen a year. Therefore, at the current rate Japan should be near the bottom of her gold supply in not much more than another year. After that she can pay for raw materials only with exports—at a time when tariff barriers are going up rather than down and she is facing increasing price handicaps on account of higher taxes and costs of production because of the war. But since so large a proportion of imported raw materials must be allocated for war purposes, exports must continue to shrink, and at an increasingly greater rate. As exports shrink, imports shrink, and then exports shrink still further. Then Japan's real difficulties will begin at home and, still more, her difficulties in China, for then the superiority in equipment will narrow. Then Japan's only avenue of escape will be the resources she can extract from China, which brings the question back to whether Japan can establish political control as well as military ascendancy in China.

"This is the course the war has taken from the beginning. And as it goes forward, its focal point tends to move out of the Far East. It is not fanciful to foresee the Japanese in desperation creating a hold, by which to lift themselves out of the slough, with some reckless act in Siberia, in southern waters that wash British, French and American possessions, or in foreign settlements in China. For the present Japan will doubtless continue to hope for the outbreak of a European war, in which she could capitalize on her neutrality by black-mailing both sides, or extract handsome compensation in return for allegiance to one side. Compensation would be the concession of a free hand in Eastern Asia, and provision of credits with which to get the means of crushing China by outlasting the Chinese. But for the present Japan is not committing herself unreservedly to her Fascist quasi-allies. To do so is to forfeit means of blackmail without any immediate return, for neither Germany nor Italy can help Japan much now or, in all probability, would be willing to do so. For Germany and Italy must also remain in a position to hold the Japanese in line by blackmail when the test comes. Neither the axis Powers nor Japan trust each other, doubtless with reason. Finally, then, if there is to be any early conclusion of the China-Japan war, it can come only through the beginning of a European war."

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Walter H. Mallory, Executive Director of the Council on Foreign Relations, described the situation—after two years of war—to the following effect in the course of an article in *Foreign Affairs* (New York): "Although the Japanese still refer to it as the 'China incident,' it has developed into a life and death struggle between the two principal nations in the Far East. Millions of troops have been engaged, great cities destroyed and untold wealth expended. In terms of combatants, costs and extent, it is the biggest war the Orient has ever experienced; and no one knows how or when it will end.

"In reviewing the course of hostilities, we find difficulty in discerning any clear-cut plan of the Japanese. They seem to have pursued a policy of expediency, with each new expedient involving greater effort and greater risk. They started to conquer a small part of China. They are now committed to securing the domination of Eastern Asia.

"The Chinese have had a great deal to do with bringing this about. They have long been aware of Japan's overweening ambition and they have consciously sought to lead her beyond her depth. An examination of the record of events will show that Chiang Kai-shek has had a consistent plan. Much of it was formulated prior to the outbreak of hostilities, and it has been developed logically under pressure of events.

"The Japanese have penetrated deeply into China, but they have not occupied very much territory. Their advance has been along the arteries of communication which they hold; but the countryside in between is in Chinese hands and under local Chinese administration. Literally, tens of millions of Chinese people, even in the coastal plains, have never seen a Japanese soldier.

"While each of the guerilla engagements is little more than a pinprick, their aggregate scattered along the several thousand miles of Japanese lines has a con-

siderable effect. The guerrilla warfare makes impossible the withdrawal of any substantial part of the invading forces; and it is very wearing on their morale, for there is no satisfactory way to retaliate.

"The Japanese forces have been likened to swimmers in a swimming pool. They can move about wherever they like in the pool, but they do not occupy it. When they are in any certain spot, the water surrounds them but offers little resistance; when they move, the water rushes in again to fill the place where they had stood. But to get out of China is not so easy as getting out of a swimming pool.

"One would be very rash indeed to make any prophecies as to when the conflict in China may end, or to pick the winner. It is perhaps possible to say that the struggle is of such a fundamental nature that it will go on in some form for many years to come. And for this same reason, it seems unlikely that either side will win a clear-cut and decisive victory."

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Then we come to another keen observer of world developments, none other than H. G. Wells, whose earlier book, "Shape of Things to Come," although written several years ago, has proved an excellent forecast of present-day happenings. The famous British author was recently quoted by *Reuters* on the subject of the future in the Far East. He said that in Japan today one finds the same factors that existed in Russia in 1918, factors of crude, violent revolt. He said, "There is no greater threat to the Government than the return of a defeated army. It will go ill with the nobles, dignitaries and priests. Then starting from an even lower level than Russia, Japan will have to reconstruct her social and economic life."

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Of final interest, suggested by H. G. Wells' remarks on possible revolutionary developments in Japan, are the following paragraphs which appear on Page 100 of John Gunther's excellent book, "Inside Asia," "Of the sixteen Japanese prime ministers since the Great War, five have been assassinated—Hara, Takahashi, Hamagouchi, Inukai, Saito. A sixth, Admiral Okada, only narrowly escaped assassination, and at least two others have been in danger. This is not merely a postwar phenomenon; Japanese statesmen were murdered wholesale in prewar days, for instance such great Japan-builders as Ito and Okubo. Assassins usually got off with light sentences; at least one murderer of a premier is now free after having served a short term. The situation developed that any politician tending to be liberal or conciliatory, especially in foreign affairs, was liable to murder. Among modern peoples only the Arabs have such an instinct to consider assassination as an accepted political weapon.

"In 1921 Prime Minister Hara was stabbed at the Tokyo railway station. He was the first commoner to become premier of Japan. He had opened the way to the Washington naval treaty, and thus was damned.

"In 1930 Prime Minister 'Lion' Hamagouchi was shot, to die later of his wounds. He was a liberal, who believed in retrenchment, and who insured the ratification of the London naval treaty. This cost him his life.

"In February, 1932, a former finance minister, Inouye, was murdered by members of a 'Blood Brotherhood League,' who were inspired by fanatic Buddhist priests.

"In March, 1932, Baron Dan of the House of Mitsui was murdered by a young naval officer. He was one of the best liked—as well as the most powerful—men in Japan; but neither his popularity nor power counted with the radicals who hated him.

"In May, 1932, Prime Minister Inukai was killed by soldiers. He believed in a peaceful policy toward China; he had been a friend of Sun Yat-sen's. He was seventy-seven. On this occasion, too, attempts were made to bomb the Mitsubishi bank, the police headquarters, and Count Makino.

"Four years later came the carnival of 'Two Twenty-Six' (February 26, 1936). Since then there have been no important political murders."

What to Do About the Precarious Financial Situation in China

SEVERAL months ago Britain and China set up a so-called "currency stabilization fund" in Hongkong, the amount being £10,000,000 contributed in equal measure by Britain and China. The fund was managed by Cyril Rogers, an official of the Bank of England, whose services were loaned to China. Mr. Rogers served as an adviser to the Stabilization Board which had charge of the buying and selling of exchange as a means of maintaining the stability of Chinese national currency in relation to the gold currencies of Britain and the United States.

Up to recent weeks the Board succeeded in maintaining stability of Chinese money despite the fact that the Japanese armed forces were in control of the country's chief cities, revenue-producing areas, railways, customs and salt-tax departments. At the beginning of the Japanese invasion two years ago Chinese dollars stood in the relation of approximately three for one American dollar. Today the rate varies around 14 Chinese dollars for one American.

The reason for the startling slump is largely due to the exhaustion of the Hongkong Stabilization Fund. And the chief reason for the exhaustion of the Fund was a Japanese exchange "raid" which resulted in the loss of more than £4,000,000. The Japanese did it by secretly accumulating large stocks of Chinese money—in north China, through the customs and railways and salt tax and by outright confiscation and theft. The Japanese converted this money into foreign currencies, by carefully-handled exchange deals through certain foreign banks, one case being so glaring that it aroused severe criticism in the British Parliament, the charge being that the Bank had acted contrary to British policy.

With this money the Japanese purchased large quantities of wheat, cotton, oil and other war necessities. The Japanese thus succeeded in outwitting the Chinese and foreign bankers and accomplished two objectives: They damaged Chinese national currency which they are determined to destroy along with the economy of the country; second, they used Chinese money to buy valuable supplies and military equipment which they could not purchase with their own inflated and depreciated yen.

Since the Stabilization Fund has been depleted, Chinese currency has tended to "find its own level," and the course has been steadily and rapidly downward. Since there is said to be about $3,000,000,000 in Chinese bank notes in circulation, it is easy to estimate the loss which the country has already experienced as a result of the slump. It is unnecessary to state that the slump in China's national currency has brought distress to millions of people. If it continues it will bring disaster to everyone—including the Japanese, whose yen continues to follow the downward course of the Chinese dollar in uncanny fashion.

Prices of rice, food of the multitudes, have increased from $12 a hundredweight six months ago to more than $20 today. Prices for the lowest-grade meats and vegetables have tripled. Grasping landlords have increased rents and each time the numbers of unfortunates sleeping on the sidewalks in the rain increase.

How much longer these processes will continue before serious trouble and violence develops cannot be forecasted. How the Chinese people are able to put up with the privations to which they are subjected as a result of the Japanese invasion is beyond the comprehension of the average westerner. Such conditions could not prevail anywhere else in the world.

And to make matters worse the Japanese military and financial vultures are awaiting the opportunity to step in and exploit the situation to their own selfish profit.

If Chinese currency is permitted to collapse, it will carry down with it the existing political and economic structure of the country. Gen. Chiang Kai-shek and his patriotic associates at Chungking, Kunming, Kweilin, Sian, Lanchow, Chengtu, and thousands of other smaller towns and villages and hamlets scattered throughout the interior of the country will have their defensive efforts paralyzed if the currency fails. Foreigners, with a stake in the country, also will suffer vast losses.

Obviously there is no time for dawdling and procrastination. Cooperative action should be taken at once to halt the slump in Chinese currency and stabilize it at some new level. It has been rumored that the Soviets have advanced China considerable credits and reports from Washington and Chungking confirm further sales of silver to the U. S. Treasury. The sale of silver—only $2,000,000 worth—is a mere drop-in-the-bucket, and there has been no confirmation of the Soviet loan. Relief must come from the United States and Great Britain. Serious ailments call for daring operations and treatments, hence there should be no hesitation now.

The Tide of Jewish Refugees

1. Shanghai: Open Door for Europe's Persecuted

BY JULIUS RUDOLPH

Editor's Note: The following is the first of a series of six articles on Shanghai's Jewish refugee problem. The series has been specially written for The China Weekly Review by a German journalist, himself a refugee from Hitler's Third Reich, who is now living in Shanghai.

BACK in the time of the Pharaohs of Egypt, a great exodus took place. From the land of the Pyramids, the Israelites fled into the desert, whence they eventually found their way to the Promised Land.

Today, the descendants of these people are again fleeing from a hostile land. This time there is no Canaan awaiting them nor have they another Moses to lead them. The land of their fathers is in alien hands, most of the world's ports are closed to them, and other nations could accept, at the most, only a few of the thousands of refugees.

But there is one place in the world where anyone is free to enter, with or without a passport. Thus it was that by the end of June 1939, 14,500 refugees from Greater Germany and Italy had entered Shanghai, and some 5,000 more are expected here before the end of the year.

Normally, Shanghai has a population of about 3,000,000 Chinese and 50,000 foreigners, half of whom are Russians. Fifty per cent of the city's importance as the center of east Asia's commercial life was lost after the outbreak of the Sino-Japanese hostilities. As the fighting dragged on month after month, business deteriorated and for all practical purposes, trade with the interior of China was paralyzed.

Most of the refugees were well-informed about Shanghai's economic situation when they left Europe, and they had no desire to establish permanent residences here. Necessity, however, brooked no delay, and they sailed for Shanghai as a temporary haven.

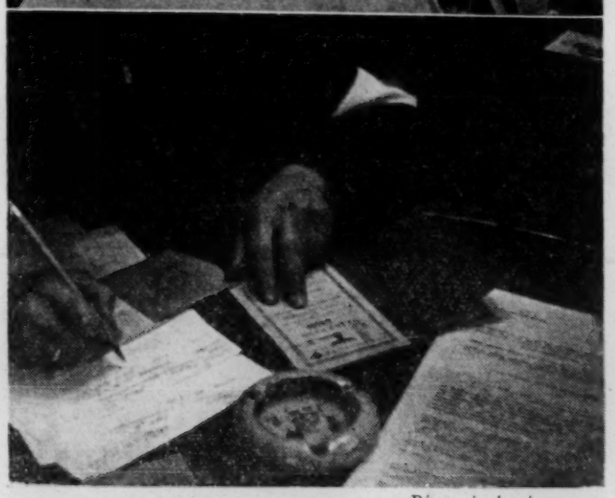
The wholesale persecution of the Jews and of political adversaries of the Nazi regime started in 1933. In the six years that intervened between the first pogrom in Germany and the great exodus of 1939, the great world powers were unable to find any solution to the Jewish question. With the single exception of the United States, the large overseas nations accepted only a small number of immigrants, and although many of the world's liveable lands were practically unsettled, their borders were closed and permission to enter was refused.

Refugee committees looked in vain for a port in which those persons under their charge could find safety. British quarters offered an asylum in the Crown Colony of Guiana, not as a stopping place for transients but as a permanent abode. Unfortunately, this South American territory possesses an equatorial climate which could only be endured by the young and healthy.

Although thousands of refugees have fled from the dictator states, there are thousands more still waiting for an opportunity to go to a new country. Those who are waiting most anxiously are the ones who have signed papers obligating them to leave Germany before a certain date.

Many of the refugees who have already arrived in Shanghai had signed these papers of obligation to leave Germany and Italy. Sometimes the German authorities granted prolongations if the signers could prove the absolute impossibility of finding a port of entrance abroad. In most cases, however, those who had signed were forced to leave the country.

Waiting to Land



Photos by Lacks

These pictures show refugees going through landing preliminaries. Refugee committee members check their passports and other documents and assign them to temporary abodes. Note the big "J" on the passport being examined above. All passports of German Jews are marked thus by Hitler's anti-semitic Third Reich, so that there may be no mistake as to the racial identity of the holders.

One surprising phase of this "sign and go" affair was the aid given to the Jewish refugees by the "Gestapo," the dreaded Secret Political Police, who would often smuggle the refugees across the borders into France, Belgium, Holland, or Switzerland.

Destitute except for the famous 10 Reichsmarks officially allowed every traveler leaving Germany, the cefugees were soon picked up by the authorities of the rountry they had unlawfully entered. After a term in prison, they would be transported to another border where the authorities would refuse to accept them.

Sometimes the refugees would be forced to stay in "no man's land" between the two border police stations without food, drink, or shelter. In time they would make their way back to the country which had just cast them out. There the police would find them again, arrest them again, and send them back to the border again.

Speaking with refugees who have been hunted from one democratic state to another, one sometimes hears hard words. Hitler, they say, at least did only what he had sworn he would do; he never prated of democracy, or liberty, or humanity; but the Western states made brave statements, and then at several conferences on the refugee problem, these powers dedicated to freedom could only decide that the best thing they could do would be to decide nothing.

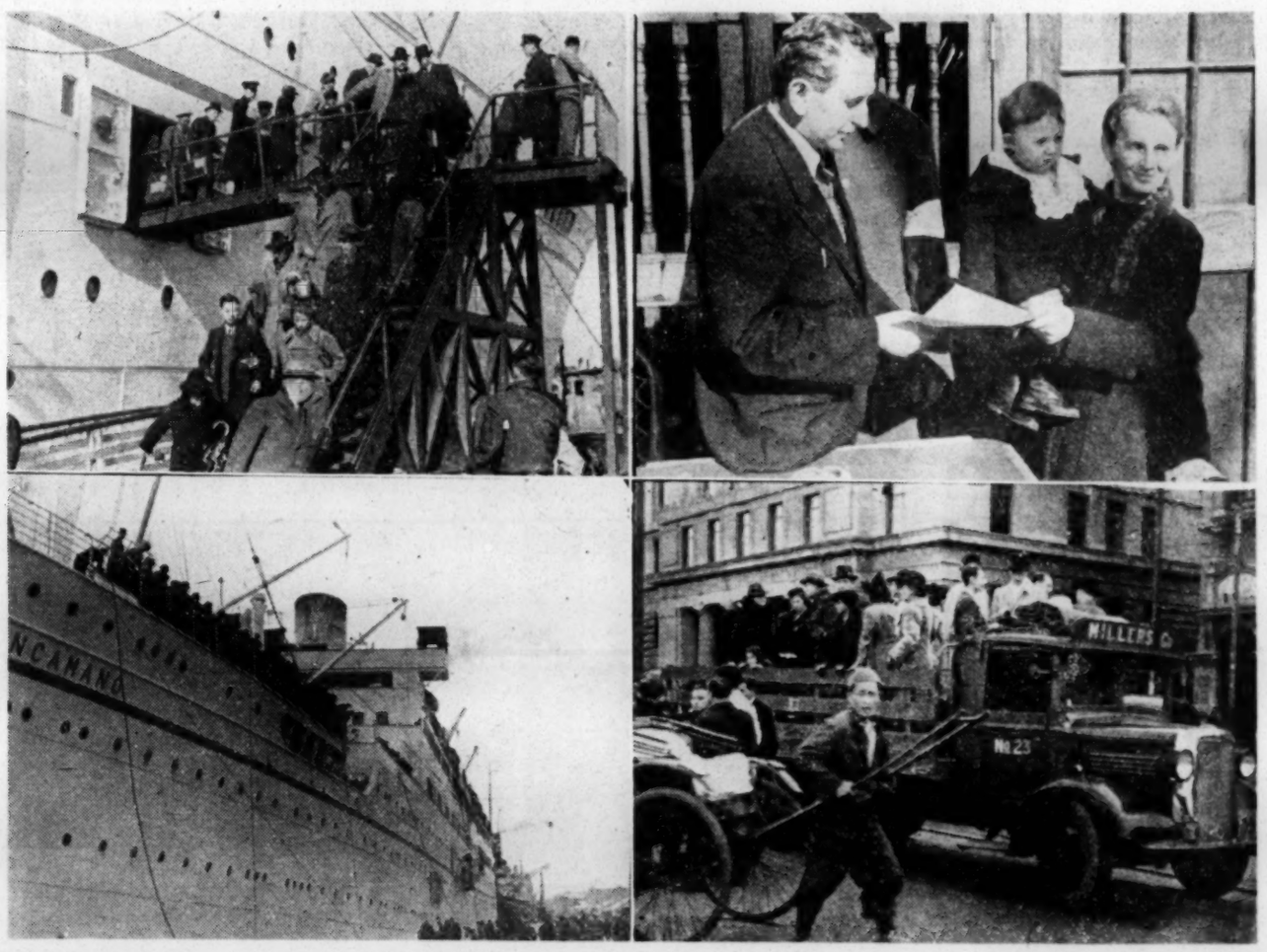
Even without the annexation of Austria and Czechoslovakia, more than 500,000 persons were obliged to leave Germany. Not all of them were Jews. Some of those who were most happy to escape had been persecuted for political as well as religious beliefs.

A large number of the refugees who have only recently arrived in Shanghai left Germany over a year ago. They went to France or to Switzerland furnished with genuine passports and visas. More than that: Very often they were fortunate enough to get a visa for some South American state, and they went to France only in order to get together enough money to travel or else until their relatives could join them.

They arrived as bona fide travelers, and they became refugees within a few weeks. Too often the South American state would issue a statement that visas granted by the Consulate in X-town were not valid, or that visas granted between such and such a date were cancelled. To return to Germany was impossible, and the permission to stay in France or Switzerland was granted for a few weeks only. Extensions of time, it is true, were granted by the authorities, but they were of only a short duration.

Then began for the refugee a frantic working against time. The consulates would give him no new visas, and the sympathetic, but helpless, French or Swiss authorities could give him little aid. Imposters and swindlers offered new "genuine" visas for sale, but prices were

Jewish Refugees Arriving in Shanghai from Hitlerland



Photos by Lacks

These pictures show the arrival of a single contingent of Jewish refugees in Shanghai. Top, left, they descend the gangway. Right, members of the local refugee committee examine papers and allot the new arrivals to the various camps. Lower left, the Italian liner, Conte Biancamano, which brought the hapless refugees to Shanghai—they can be seen crowding the foredeck, getting their first view of the city. Right, a truck conveys them to the camps.

high and their utility doubtful. The refugee usually either had not enough money to pay for these new visas or he remembered too well the useless visa he had obtained in Germany. There was nothing else to do except come to Shanghai where, as a result of the Sino-Japanese undeclared war, no passports or visas were necessary.

Many of those who have arrived in China during the past few months have only traveled here in order to wait until the American quota will fall due; others hope to find legal entrance to Australia or the Philippine commonwealth; the rest of them have no idea as to what the future will bring and are willing to try a new life in the Far East.

The conditions these people find here are not altogether pleasant, but often if you ask them whether they will try to get a visa for some western country, they answer in the negative. Tired of wandering and waiting, their confidence is gone.

Very seldom will they talk about their experiences in Central Europe, but some of them have told us their stories and have been able to give substantiating evidence. Some of these stories we will repeat, but first we must describe the situation the newcomers found in Shanghai.

(Second Article Next Week)

S.M.C. Report Reveals Social Sores in Life of Shanghai

The following extracts from the July report of the Industrial Section of the Shanghai Municipal Council speak all too eloquently of the conditions of life of the Chinese masses in Shanghai. We reprint them without comment:

"Child Protection Work:—Seventy-three cases were handled by the Section during the month of July. Fifty-four were new cases, 14 remained from last month, and five cases were reopened. The following is an analysis of the new cases:—

1.	Homeless, abandoned and strayed	12
2.	Abducted	5
3.	Prostitutes, future prostitutes and raped	9
4.	Beggars and found stealing	17
5.	Assaulted or illtreated	4
6.	Mui tsai (slaves)	4
7.	Others	3
		54

"There were 17 boys, 35 unmarried girls and two married women among the cases. Six were in the age group four years and younger, 12 between 5 and 9, 21 between 10 and 14, 12 between 15 and 20, and three over 20.

"**Beggar and 'Look-See' Cases**:—A special study is being made of children taken by police begging or doing "look-see motor-cars." Of the 13 such cases during the month, six were beggars, seven were 'look-see' boys. Of these five had both parents deceased, four were without mother, one was without a father, and three had parents who were not in Shanghai. None had a normal home. The majority slept in lanes. Seven said they begged because they were homeless, four had run away from refugee camps or a poor home: two were forced by their guardians to beg. Three begged under a 'beggar head:' five begged under their own direction, one under his father's, and in four cases the direction is not known.

"**Court Case**:—A labor contractor was charged in the First Special District Court with illtreatment of a minor contrary to Article 286, Section 2 of the Chinese Criminal Code. The girl, aged 15, who had been brought to Shanghai in the autumn of last year, ran away from the contractor because she had insufficient food, was illtreated, and could not stand the long hours of work in a textile mill. She was found by police at Jetty No. 13 when the contractor was attempting to force her to return with him. Medical certificates showed her to be suffering from malnutrition and tuberculosis. Statements in Court showed that she handed all her wages to the contractor who gave her poor food and beat her when she said she was too ill to go to work. After remanding the case for a week, the Court sentenced the contractor to three months' imprisonment.

"**Juvenile Delinquency**:—There were 248 cases during the month in which young people under 20 years of age were concerned with infraction of the Chinese Criminal Code and the Law Governing Penalities for Police Offences. Of these 181 were boys, 68 girls and young women.

"No fewer than 155, or 62 per cent of those arrested were unemployed, 55 were prostitutes, nine were apprentices, nine servants, three students, while the occupation of 18 others is unknown."

Chinese Newspapers Move to Colony of Hongkong

Prior to the Japanese invasion Shanghai was the leading publication center for Chinese daily newspapers and magazines, the total investment in plants and equipment running to many millions of dollars. The papers continued in publication up to the time of the withdrawal of the Chinese troops when most of them suspended. Some re-established plants in Hankow while others went further inland to Chungking, Kunming, Chengtu and even Kweilin. But the fall of Hankow forced those in that city to move again, so most of them set up shop in the British Colony of Hongkong—excepting the few which were able to resume publication in Shanghai under foreign corporate protection. The papers which took their plants further inland have suffered serious trouble due to lack of print paper, particularly since the enforcement of the Japanese coastal blockade.

According to the *Sin Wan Pao* (published in Shanghai) the following is a list of the papers now published in Hongkong,

Name of Paper	Owner or Financial Supporter	Circulation
Hwa Tze Jih Pao	Sir Robert Hotung	8,000
Hwa Tze Mih Pao	Sir Robert Hotung	15,000
Industrial and Commercial Daily News	Sir Robert Hotung	5,000
Industrial and Commercial Evening News	Sir Robert Hotung	20,000
Tien Kwang Jih Pao	Sir Robert Hotung	20,000
Hwa Sin Chao Pao	Sir Robert Hotung	5,000
Shun Hwen Jih Pao	Sir Robert Hotung	8,000
Shun Hwen Wan Pao		15,000
Hongkong Morning Post		3,500
Shun Pao (Hongkong Branch)		7,500
Ta Kung Pao	Semi-Official	10,000
Tsai Chiao Jih Pao	Overseas Chinese	5,500
Tien Yen Jih Pao	Overseas Chinese	3,000
Nan Hsiang Jih Pao	Overseas Chinese	3,000
Nan Chung Jih Pao	Overseas Chinese	5,000
Ta Kwang Pao	Chiang Kai-shek	10,000
Ta Chung Jih Pao	Chen Chi-tang	
Chu Kiang Jih Pao	Tsai Ting-kai / Kwangsi faction	1,500 / 5,000
Tung Fang Jih Pao	Kuomintang	3,000
Hsien Pao	Christian Missions	6,000
Sin Tao Jih Pao	Hu Wen-hu	7,000
Sin Tao Wan Pao	Hu Wen-hu	7,000
Nan Hwa Jih Pao	Wang Ching-wei	2,200
Chung Hwa Jih Pao	Wang Ching-wei	1,000
Sin Pao	H. H. Kung	5,000
Lih Pao	"People's Front"	5,000
Tze Nan Jih Pao	Chamber of Commerce	12,000
Chung Kuo Wan Pao	Chamber of Commerce	5,000

Ethereal Laughter from the Ghost of Genghis Khan

(St. Louis Post-Dispatch)

Along a rough road in Shensi Province in Central China there bumps a peasant cart drawn by two mules and bearing a silver casket containing the dust of Genghis Khan. The Japanese, it has been reported, hoped to obtain allegiance of a group of Mongol Princes by gaining possession of the casket. So the Chinese spirited it away from the tomb at Etshinhuro. What is left of the great conqueror, whose hordes in the twelfth century spread the Mongolian Empire from the Pacific seaboard to the Black Sea shore at an expense of 5,000,000 lives—is to be enshrined in a secret mausoleum in Western China.

Sagacious and benevolent in peace, sanguinary and barbarous in war, the great Khan was a statesman who tolerated all religions and who organized his sprawling empire so well that it was said a man might travel from one end to other the without fear or danger. If the ghost of Genghis could look down now on his ravaged empire, he would see desolation surpassing that wrought by his hordes when they drove the last of the Sung dynasty into the sea.

The ghost of this man of iron, relentless and cruel as he was in war, might well recoil in horror at some of the scenes now taking place in this modern ravishing of China. But the sight of his venerable dust being spirited across the country by one group while another chafes in frustration at not being able to use it for purposes of propaganda should cause the ghost of the old warrior to send a few peals of ethereal laughter ringing high into the celestial blue.

British Ships Bombed at Ichang as Japan Presses Anti-British Drive

WITH the Tokyo negotiations for a settlement of the Tientsin issue temporarily halted while the British Ambassador, Sir Robert L. Craigie, awaited fresh instructions from London, Japan carried her anti-British campaign in China to new heights last Sunday (Aug. 6) when Japanese bombers attacked and destroyed two British river ships at Ichang, Yangtsze River port in Hupeh province at the eastern entrance to the famous Gorges. The British mate of one of the vessels was wounded, while two Chinese members of the ships' crews were killed and three others wounded.

In the same raid, the bombing planes dropped missiles on the Ichang property of the Asiatic Petroleum Company, a British firm, and damaged one of its godowns. The adjacent property of the Salt Gabelle was also badly damaged. In Ichang city large fires were caused by incendiary bombs and it was feared that many lives were lost.

Attack Was Deliberate

The two ships bombed were the s.s. Hsin-Changwo and the s.s. Kiawo, both belonging to the Indo-China Steam Navigation Company of which Jardine, Matheson & Co., Ltd are the general managers. The wounded Briton was H. G. Denyer, mate of the s.s. Hsin-Changwo, whose arm was badly injured. At the time of the raid, the two ships were tied up at the Jardine wharf. Indicating that the attack was calculated and deliberate, the Nippon raiders swopped down over the vessels in a power dive when releasing bombs that set both ships afire and caused them to burn down to the water. This was according to foreign eye-witnesses of the incident, quoted by *United Press* in a message from Chungking. The same eye-witnesses declared that the attack on the A.P.C. installation was equally deliberate. In both cases, strength was lent to this view by the fact that the Japanese authorities, ever since the sinking of the U.S.S. Panay in 1937, have been regularly informed of the positions of British and other foreign vessels on the Yangtsze and that the two ships destroyed were both prominently marked with British flags, as is also the A.P.C. property at Ichang.

The Japanese navy spokesman in Shanghai denied that naval planes had conducted the attack and said an investigation was being conducted by the Army authorities. If the reports received here were true, he said, the bombing of British ships and property was a "most regrettable accident." The Army spokesman declared that he had received no official information on the raid.

Protest Unanswered

Rear-Admiral R. V. Holt, commander of the British Yangtsze Patrol, lodged protests against the bombings with Vice-Admiral Hoshiro Oikawa, commander-in-chief of the Japanese China Seas Fleet, and was still awaiting an answer on Wednesday of this week.

It was reported in Shanghai that the Japanese bombers also attempted to bomb the British river gunboat, H.M.S. Gannet, which is stationed at Ichang and which rushed to the aid of the two ships. Two bombs were said to have been dropped near the warship.

At the time of going to press, E. G. Jamieson, British Consul-General in Tientsin, was still awaiting a reply from the Japanese Consul-General in that city to a written protest against Chinese mob attacks on British properties which took place Aug. 4. The mob stormed the premises of the International Export Company, located in the ex-Russian concession, destroyed windows and furniture and hurled valuable office equipment into the Haiho River. Employees of the company fled into the still blockaded British Concession. Butterfield and Swire's offices were similarly attacked. The day following the riots, *Domei* reported, Mr. Chitoshi Kunugi, Japanese consul in Tientsin, rejected what was apparently a verbal British protest on the subject, stating that the Japanese authorities had nothing to do with the "demonstrations."

Indicating the type of news which is transmitted to Tokyo, a press message to that city from Tientsin, according to *Domei*, said that the mobs stormed the British properties because of the "insulting attitude" shown by British employees toward anti-British Chinese demonstrators.

Possible fresh outbreaks of anti-British violence in the northern city were seen in the announcement that a three-day anti-British "convention," sponsored by the executive committee of the Tientsin Anti-British Society, was to open on Aug. 12. According to *Domei*, the "convention" is to discuss regulation of anti-British movements, coordination of various anti-British organizations, and the formation of an Anti-British League of Asiatic Peoples. On the last day of the "convention" two mass meetings are to be held, also parades and speeches. "Mayor" Yu Chin-ho, head of the Special Municipality of Peking, announced on Aug. 4 that he had rejected a British request for a curb on anti-British agitation in that city, *Domei* reported.

An American traveller who arrived in Peiping the same day, described how British Baptist missionaries had been driven out of Taiyuan, capital of Shensi province, by Japanese - inspired Chinese mobs. At the conclusion of a Sunday church service, anti-British pickets surrounded the church, seized 150 members of the Chinese congregation, and marched them off to jail. The women and children were released after three days, but the men were detained. The British missionaries were then told that unless they left the city "an unpleasant fate, possibly execution, will face the Chinese members of your congregation." In order to save these men from possible torture and death, the missionaries agreed to withdraw, closing down the mission and hospital. At the end of last week they were marooned at Shihchiachwang, waiting for floods to subside.

Missionaries Persecuted

Chinese and foreign agency reports from Loyang and Peiping indicate that foreign missionaries are being forced out of southern Honan province

Ju-Jitsu at Tientsin

De Groene Amsterdammer

Mr. Chamberlain (in the Commons): "The general position is not yet clear."

as well. Missionaries in Sinyang and Kikungshan, well-known summer resort in Honan, were forced to leave, *Kuo Min* reported. Anti-British and anti-American posters are to be seen everywhere in Sinyang, the agency said. According to *United Press* 16 missionaries have been forced to leave Kaifeng, with more expected to follow.

Violent attacks on Great Britain were contained in handbills distributed early this week in Brenan Piece, part of Shanghai's "badlands" in the western district. Signed by the Chinese Public Anti-British Discussion Society, the handbills carried slogans such as the following:

"Down with cunning, crafty and cheating Britain."

"Boycott the British economic encroachment in China."

"Enforce the severance of economic relations with Britain."

"Demand the return of the concessions."

"Down with the masked British imperialists who are robbing China of her economic interests and rights."

"Fight the British to the end — unless our demands are realized."

"Britain is the public enemy of the movement for unity of the East Asiatic races."

In Japan, the anti-British campaign is also still going full blast. Five thousand persons paraded in Tokyo on Aug. 4, carrying placards with the inscription "Down With England!" They took up a position before the British Embassy, where their leaders handed to Embassy officials a resolution demanding fulfillment of Japan's demands. Kobe witnessed its second anti-British demonstration last Sunday, when a reported 100,000 persons approved a resolution urging Britain to "reflect" over her "insincere attitude" in the Tokyo conversations. A parade followed, according to the *Domei* account, with many German, Italian and Chinese residents participating.

R. A. Butler, British Under-Secretary for Foreign Affairs, told the House of Commons before its adjournment on Aug. 4 that the British Government considers the question of the cessation of anti-British demonstrations in North China to be of greater importance than any diplomatic notes the Japanese Government might write.

Chamberlain Warning

A grave warning to Japan was uttered the same day by Prime Minister Chamberlain, when he announced in the House of Commons that "in certain circumstances we might find it necessary to send a fleet out there (to the Far East)." At the same time, the Premier said "we would much rather settle our differences with the Japanese by discussions and negotiations, provided that we can do so without sacrificing what we conceive to be fundamental considerations and principles, than do it by threat of force."

Mr. Chamberlain went on to point out the difficulties of protecting British nationals in China: "Even if we determined tomorrow that we were going to the last extremity, perhaps we could not protect the British people in China. Certainly we could not protect many of them. I do feel that we have a duty to them that we ought to bear in mind, and that we ought not , if we can avoid it, put them in greater peril than that in which they now stand." The Premier said that it made his blood boil to hear and read of some of the things happening in China. On the subject of the Tokyo negotiations, he said:

British Policy Outlined

"We will endeavor to continue negotiations at Tokyo and to preserve to the utmost extent the principles which have hitherto governed our conduct in the Far East. We will preserve to the utmost possible extent the interests and fortunes of British subjects there. We will endeavor to show patience and exercise reasonable moderation, recognizing that behind all these outrageous things (incidents in China) there may be some genuine suspicion on the part of the Japanese in China of our treatment of them.

"We must not forget that there may even be graver and nearer problems to consider in the course of the next few months and that we must conserve our forces to meet any emergency which might arise."

According to *United Press*, Mr. Chamberlain's threat to send a fleet to the Far East was ridiculed in Washington naval circles, the view being held that Britain could not possibly spare any sizeable number of fighting ships for service in the Far East in view of the continuing crisis in Europe.

The possibility of a British surrender to the Japanese demand for extradition of four alleged Chinese terrorists being held in the British Concession at Tientsin was indicated by the British Premier in the following reply to a questioner:

"Our point all through has been that we cannot hand over these men unless we have evidence. The Japanese have now submitted evidence, and it is being examined. I am not going to pronounce on what the verdict will be after examination by proved legal authorities. If the result of the examination were that a prima facie case had been made of their guilt, we should have no right to do other than hand them over."

Replying to Mr. Noel-Baker, Mr. Chamberlain said the courts would be Chinese courts, which had been in existence all the time, and they were the courts to which people had been handed over in the last 20 months.

That Mr. Chamberlain's guarded threat to send a fleet to the Far East was not taken very seriously in Japan was indicated in a *Domei* report from Tokyo on Aug. 5, recording gains of from 10 sen to Yen. 2.00 over a wide field on the Tokyo Stock Exchange as financial circles interpreted the British Premier's speech in the Commons as "conciliatory." The basis for this optimism, the agency said, was Mr. Chamberlain's statement: "We have been compelled to undertake some heavy responsibilies and commitments in Europe. The effect of it is that if certain things were to happen we would have to go to war. It is impossible for us to undertake heavy commitments in the Far East." The Japanese press was frankly derisive in its comments on Chamberlain's threat.

Japan's Negotiator

Sotomatsu Kato, Japan's Minister-at-Large in China, figures prominently in the Anglo-Japanese parleys at Tokyo. When he arrived in the Japanese capital from Tientsin, he declared: "Unless British authorities abandon their usual trickery we cannot expect much from the Tokyo conference."

More Agreements Rumored

Hints that further British capitulations were being prepared in Tokyo were contained in press dispatches from that city early this week. According to the *Japan Times* on Aug. 6, preparations for drafting a written agreement to be exchanged between the governments of Japan and Great Britain concerning policing and peace maintenance in the British Concession at Tientsin were completed by Mr. Hikozo Hanaka, Japanese senior consul, and Major G. A. Herbert, British superintending consul, at an informal meeting held on Friday afternoon last week. The understanding, the paper said, covered the following points:

1. Immediate surrender to Japanese authorities of the alleged accomplices in the assassination of Mr. Cheng Hsi-kang, former Commissioner of Customs;

2. Enforcement of cooperative measures between Japanese authorities and the British Municipal Council for control and arrest of anti-Japanese agitators, Communists and criminals in general in the British Concession;

3. Establishment of a liaison organ between Japanese and British authorities for the above purpose;

4. Strict control of anti-Japanese publications, educational and other similar facilities within the concession;

5. Dismissal of all anti-Japanese police officers from the Concession force;

6. Appointment of a Japanese police officer to the Municipal Council;

7. Apointment of Japanese advisers to the Municipal Council.

Settlement at Kulangsu

On August 5, according to a *Domei* report from Amoy, an early solution of the three-month-old Kulangsu dispute is promised due to "Britain

and America extending diplomatic feelers towards Japan." The message cited the recent Craigie-Arita "formula" as an especially hopeful sign that Japan's demands at Kulangsu would shortly be complied with.

Meanwhile, the situation at Tientsin has been growing steadily worse. Reports early this week said that there was an almost complete lack of fresh foodstuffs in the British Concession and that there was only a small trickle of supplies of inferior quality. Housewives visited the markets only to find the stalls practically bare. Persons attempting to bring personal food supplies into the Concession from adjoining areas were being stopped at the barricades by Japanese sentries and relieved of their purchases.

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Rumor Dispatch of Fleet to Hawaii

According to unconfirmed rumors in Washington, *United Press* reported, President Roosevelt is considering dispatching all or part of the Pacific battle fleet to Hawaii as a warning to Japan. Direct action advocates in the State Department, it was pointed out, have long urged a display of seapower in the mid-Pacific as the only thing likely to make Japan pay heed to repeated American protests against the flouting of American rights in China.

These advocates were said to be pointing to the surge of anti-Americanism among Japanese since the termination of America's trade treaty with Japan as evidence that naval steps were already overdue. On the other hand, it was contended that an immediate dispatch of American warships to Hawaii, which is a week's steaming closer to Japan and China than San Pedro, would expose the President to the charge of pulling British chestnuts out of the fire.

Senator Key Pittman, chairman of the Senate Foreign Relations Committee declared Aug. 6, according to *United Press*, that restoration of Japanese-American friendship was still possible. He said the United States did not intend to recognize Japan's "New Order in East Asia" and emphasized that unless Japan changed her attitude concerning American rights in China, Congress would give the President the power to take retaliatory measures. "We all hope," he added, "that Japan will be actuated by calmer reasoning with respect to the rights of our citizens as provided by various treaties."

Several recent reports have shown that Japan's anti-British campaign is widening to include Americans. Last week, the American Consulate - General in Hankow handed a strongly-worded note to the Japanese Consulate - General demanding protection for American lives and property at Kaifeng, Honan, where, it was claimed, the intense anti-British campaign was apparently becoming a general anti-foreign drive.

Reuter reported from Peiping on Aug. 5 that anti-American slogans were shouted, and anti - American speeches made, at an anti-British demonstration at Shihchiachwang, in Hopei province. The demonstrators denounced President Roosevelt's recent abrogation of America's trade treaty with Japan, the report said.

The Burr Under the Saddle

The Chicago Tribune

Guerrilla Forces Attack Japanese at Kashing

Divided into two groups, Chinese guerrillas launched a lightning attack on the Japanese garrison in Kashing, the junction of the Shanghai - Hangchow and Soochow - Kashing Railways in northern Chekiang, last Sunday, *Kuo Min* reported. After sanguinary fighting, the guerrillas recaptured Poyuan and Sinteng, respectively southwest and northwest of Kashing. More than 200 Japanese were killed. Continuing their advance, the report said the guerrillas reached the outskirts of Kashing on Monday night. The Japanese military authorities in Kashing were said to be summoning reinforcements from Shanghai and Hangchow to cope with the situation.

Two Canadians Reported Held as Spies in Hsuchow

Two Canadian missionaries, together with four Chinese, were arrested by the Japanese military authorities at Hsuchow, important railway junction in northwestern Kiangsu, on Aug. 6, according to a *Domei* report from Tokyo. The names of the persons taken into custody were not given. All six are charged with espionage and activities detrimental to the maintenance of peace and order in the area, the report added. The two Canadians were alleged by the Japanese military authorities to have not only organized an anti-Japanese National Salvation Association with headquarters in the mission compound, but also to have preached anti-Japanism to their congregation. They were also charged with having gathered information regarding Japanese troop movements for transmission to agents of the Chungking regime, the report continued.

Foreign Ships Asked to Leave Port of Haimen

Requests for the evacuation of third-power warships and merchant vessels from the harbor of Haimen in eastern Chekiang by 11 o'clock a.m. on Aug. 7 were sent to foreign consular authorities and officials of the Maritime Customs by Mr. Yoshiaki Miura, Japanese Consul-General here, at the instance of Vice-Admiral Koshiro Oikawa, Commander-in-Chief of the Japanese China Seas Fleet.

Third-power nationals also were requested to leave Haimen and vicinity as soon as possible because military operations were scheduled to take place there. According to the notification, Haimen harbor would be closed by obstructive and dangerous objects due to military necessity, thus making navigation impossible. The Japanese authorities, the notices said, would not bear responsibility for any direct or indirect damage which might be suffered by warships and other vessels which did not leave the harbor.

U.S. War Prisoners in Spain May be Set Free

The Spanish authorities, in collaboration with the United States Embassy, are working out arrangements to release by the end of August all of the 21 war prisoners whose United States citizenship have been definitely established, *United Press* reported from Burgos Aug. 3.

The information followed the recent conference between Mr. Alexander W. Weddell, U. S. Ambassador to Spain, and Generalissimo Francisco Franco at Burgos.

The 21 U. S. war prisoners include the airman Harold Dahl, and three others in the Burgos Prison whose death sentences had been commuted to thirty years' imprisonment each prior to the end of the Spanish civil war. The remaining seventeen prisoners, who were not sentenced, are confined in various concentration camps. All fought on the Loyalist side.

Chungking Foreigners Have Close Escapes in Wave of Nippon Raids

APPARENTLY intent on inflicting as much damage as possible on the provisional Chinese capital at Chungking before autumn mists commence to enshroud the city next month, Japanese naval bombers conducted three successive raids on Aug. 2, 3 and 4, with more attacks expected from day to day.

The most devastating of the attacks was on Aug. 4, anniversary of the outbreak of the World War of 1914-18. *Domei* said it was the third attack on Chungking in as many consecutive days and the thirteenth since the beginning of this year. According to the same source, half of Chungking has now been destroyed by Japanese air raiders.

Foreign Property Damaged

In the Aug. 4 raid considerable foreign property was destroyed or damaged and a number of foreign residents had narrow escapes from death or injury. The raiders concentrated their attack on the western suburbs of the city, where much foreign property is located, because, according to *Domei*, they contain various government institutions, military establishments and residences of government officials.

According to the *United Press* account of the raid, four Chinese were killed when a bomb destroyed a house between the British and French consulates, while three more died when another bomb struck outside the German consulate. The windows and doors of the British and French consulates were demolished and plaster knocked off the walls. The German Embassy also was badly damaged.

Diplomats Escape

The British Charge d'Affaires, Mr. H. I. Prideaux-Brune, and a British Vice-Consul, Mr. Kenneth Bumstead, escaped injury or death when one of the Japanese bombs exploded within 100 yards of a dugout in which they were sheltered.

Miss Corin Bernfeld, British newspaper correspondent, also escaped uninjured in the British consulate dugout.

Another bomb, within 300 yards of the French Consulate, endangered a French consul, M. J. Medard, but he escaped unhurt.

The home of Mr. Tillman Durdin, *New York Times* correspondent and former editor of *The China Press* in Shanghai, was demolished in the Japanese raid. A 200-pound demolition bomb hit within 20 feet of the Durdin home, blowing off the entire side of the house and ripping the roof away in many places.

Mrs. Durdin, his wife, who taught in the Shanghai American School last year, and their guest, Mr. Edgar Snow, noted author on Red China, all escaped uninjured.

Several bombs dropped in the vicinity of the office of the *Transocean* News Agency. The force of the explosions smashed open the front door although it was locked and barred, bringing down a chandelier and causing a good deal of damage in and around the building.

Numerous buildings within a block of the British and French consulates and the German Embassy were set afire. Bombs also were dropped south of the Yangtsze and in the western suburbs.

Although there were few casualties in the city, officials believed that heavy casualties had been suffered in the suburbs where many refugees have been living since the evacuation of Chungking.

The raids were the first instance since the outbreak of the Sino-Japanese war that Chungking has been raided three times within a week.

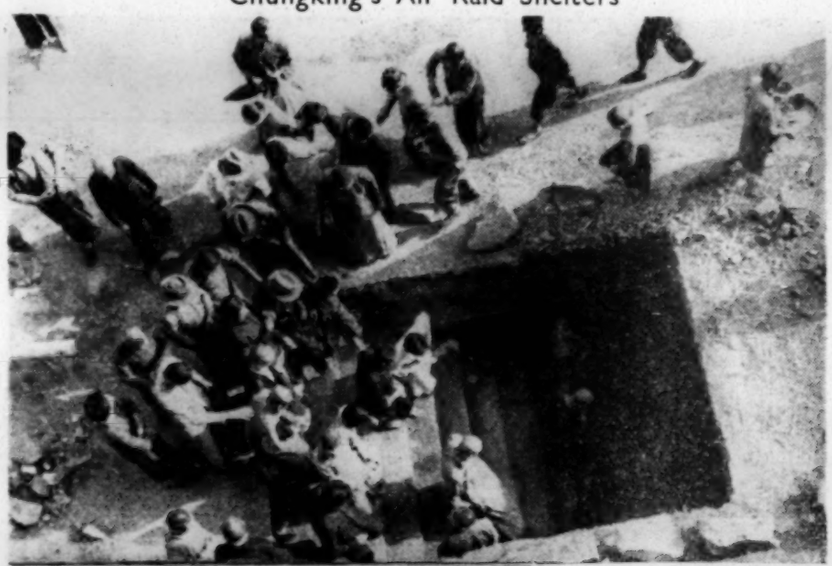
Chinese pursuit planes drove the first group of Japanese bombers away from the city but a second group of bombers broke through from the west.

Chinese pursuit planes engaged in a running machine-gun battle with the Japanese bombers in the most spectacular dogfight since the Japanese raid of June 25. Reliable sources confirmed reports that at least one Japanese bomber had been shot down.

Although only a few Chinese pursuit planes took off to meet the raiders, they flew into the heat of the battle and laid down a heavy machine-gun barrage around the Japanese planes.

On Aug. 3, Japanese naval aircraft subjected Chennankwan, important Kwangsi station on the Indo-China trade route, to an intensive bombardment, a Japanese naval spokesman announced here the following day. Sixty out of "several hundred" motor lorries and 12 godowns were demolished by the bombardment, which also caused extensive fire damage, he claimed.

Chungking's Air Raid Shelters



Photos by Mary Fei.

Concrete dugouts such as the one pictured above, and others hewn into the rock as at left, have helped reduce the number of casualties in the air raids on Chungking. In the top picture people are rushing for shelter after an alarm has been sounded. Below, two foreigners are emerging from their hole in the ground after the "all clear" signal has been given.

Large Banknote Order Said Placed in London

Accoring to a *Transocean* report from London on Aug. 4, the Central Bank of China has commissioned two banknote manufacturing firms there to print one milliard currency notes for the Chinese Government. The total face value of the notes was not stated. One of the firms was said to have engaged a large number of additional employees to cope with the order, which will take 12 months to complete.

Japanese Propaganda Efforts in Shanghai

BY DORIS RUBENS

LAST September, months before the intensification of the present anti-British campaign, a leaflet was disseminated quite freely on the streets of Shanghai. It read, in part:

"A united yellow race is the only safeguard against annexation by the whites . . . From time immemorial five races, namely, the yellow white, brown, black and red, have existed. Through natural selection, the brown, red and black races have been reduced to submission, while the yellow and white achieved supremacy. The white people have by every means available sought the submission of the yellow race. Today it is to the interest of the whites to prolong the Sino-Japanese war with the aim of exhausting both, and thereby facilitating the conquest of the yellow race."

The following day, Yu Yuen Road was flooded with leaflets exhorting the people to remember that they were members of the Oriental race. "Let the Oriental race be firmly united." Another batch of leaflets scattered in the same territory contained a song entitled "Express Train." It ended with this invocation: "Let China and Japan unite, let them be free from the domination of Western Powers!"

Thus the Japanese War Department found it expedient to resort to the propaganda of race chauvinism, always concomitant with extreme nationalism or fascism. The arguments employed in this instance were that the yellow race is one and indivisible, and that the interests of all its factions are identical, because they are facing a common racial enemy—the white race. For this reason it was necessary to overcome all differences and unite against the Whites. This, of course, would mean the acceptance of Japan's domination, and her leadership against the Western powers. The purpose in this propaganda was obvious: if the Chinese masses could be converted to a race consciousness, their national aims and aspirations would be submerged and their resentment redirected against the "enemy of the race" rather than against the enemy of their country. The most hideous aspect of race chauvinism is that which depends primarily upon the assumption of persecution or humiliation. It is the persecution complex of a race, and it is this form that the Japanese militarists wished to foist upon a peaceful people, hoping that a latent resentment might still be smoldering in many Chinese minds against the indignities which they have suffered at the hands of white imperialists in the past. Indignities China has indeed suffered, but nothing in comparison with the brutal and wanton destruction inflicted upon her by her present invader, a brutality that makes the Chinese people seek more than ever their country's integrity and independence.

A brief resume of the anti-foreign literature disseminated in Shanghai since the beginning of the year will afford some idea of the vehemence with which the Japanese militarists have tried to instigate race hatred among the Chinese population. In February, a book was circulated entitled *A History of the Massacres of the Chinese People by the British*, narrating in lurid terms the rapacity

Samples of Japanese Propaganda Among the Chinese

These and the other pictures accompanying this article are reproduced from a booklet of pictorial propaganda distributed in China by or at the behest of the Japanese Army. Above, left, is the cover of the booklet, which is entitled "Friendship Pictorial Book." It shows the Japanese Army befriending Chinese children. The back over, at right, gives a Japanese vocabulary, with Mandarin pronunciations in the smaller type. It also contains the imprint of the East Asia Children's Book Company, Tokyo.

and brutal behavior of British soldiers during the incidents of 1925-6. In March Japanese soldiers scattered handbills on Szechuen Road, calling upon the Chinese people to expel European and American influence from the Orient. A few days later, Bubbling Well Road was deluged with leaflets, accusing the foreign powers of being solely responsible for the Sino-Japanese hostilities, and advocating the enforcement of the principle "Asia for Asiatics." In the Western district and other vicinities, posters were put up, telling the population that "Great Britain is our sworn enemy," "Don't forget Great Britain was China's first and worst invader," "We must restore the foreign concessions."

On June 17, during an anti-British procession at Civic Center, handbills were distributed among the people, advocating a boycott of British goods. In Pootung, members of the police bureau of the Japanese—sponsored Shanghai City Government spent their time and the taxpayers' money posting on every available wall large posters inscribed with the following slogans, "Down with Great Britain, the Public Enemy of the Yellow Race!" "Confiscate all rights and interests of Great Britain."

Part of the anti-foreign campaign consists of the incitement of strikes against foreign enterprises. The Japanese in this way seek to liquidate their competitors. During the strike at the China Printing and Finishing Company at Pootung, the Japanese directors of the strike issued pamphlets denouncing the British factory owners for oppressing and insulting their Chinese employees and, moreover, urged the strikers to continue their strike as a protest against the indignities forced upon Chinese workers by the white imperialists. Mimeographed handbills informed the workers that British capitalists were vampires. Other leaflets urged all workers in the employment of foreigners to go on strike. Still other leaflets, labelled the "Opium Policy of the British Government," denounced the British for poisoning the Chinese people with opium, which Britain had forced upon them by the Opium War. The Japanese and—opium!!

It seems somewhat incongrous for militarists and fascists to concern themselves about the working conditions of the Chinese masses, a concern they have not demonstrated in Japan. The ludicrous nature of this must have been obvious even to the Japanese themselves, for they affixed to each leaflet the name "Chinese Republic Workers' League," thereby letting it appear that these outcries were the spontaneous reactions of an anti-foreign Chinese working-class.

In all this it must be apparent, however, that Japan's objective is not merely the liquidation of British interests, or the abolition of foreign concessions, but rather the incitement of a crusade against the white race. In Chapei and Kiangwan, police constables of the Shanghai City Government were ordered to scatter leaflets accusing foreign powers of having started China's civil wars in the past, and of having exploited and oppressed the Oriental peoples by force and economic pressure. On Nanking and Yunnan Roads, leaflets were handed out stating that "A New Order must be established in the Orient before we can check the invasion of the white race and expel it forever from Asia." Commemorating the July 7th anniversary, the Japanese-created Great People's Society, upon orders from Nanking, had leaflets posted in Pootung and elsewhere, announcing that "Asia was for Asiatics" and that the "exploitation and aggression by the White race should be eradicated forever." The chief of the Propaganda Department on the same day, in a violent speech over the Great Shanghai Broadcasting Station in the Hardoon Building, denounced the white race and advocated its elimination from Asiatic affairs.

Thus, by every means available, have the Japanese attempted to convert the nationalistic resentment of the Chinese into racial hatred. Forces have been generated to expedite the schemes of warlords, disastrous to the peace and security of the world. The consequences of this campaign of racial hatred have begun to show themselves, not among the Chinese who are only too conscious of the identity of their enemy, but among the Japanese soldiers, who are prone to take the utterances of their warlords as gospel. So aggravated has the condition now become, that the aver-

More Sino-Japanese "friendship" and Japanese benevolence are depicted above. Chinese children are being taught the Japanese language.

age Japanese soldier feels it a sacred duty to embarrass every foreigner he comes across. No appeasement policy of the Chamberlain government at Tokyo, no concessions whatever, can check these forces of race hatred which have taken such a firm hold upon the military forces of Japan and are now well upon the way towards becoming basic principles of their military code.

By inciting this race hatred, it must have been obvious to the Japanese that they would antagonize powers upon whom they depended for their existence, and who could spike their invasion quite thoroughly, if the tolerance of these nations was less unlimited and their foresight not so extremely short. Perhaps it was occasioned because of the blind faith of the Japanese in this tolerance, but —what is more likely—because of the utter fruitlessness of their efforts to overcome the antipathy of an outraged people. Indeed, to overcome this, they have left nothing undone, for well the Japanese know that while the resentment of the inhabitants remains, no territory can be truly designated as conquered, or ever integrated into an empire. Any territory held solely by force only awaits the relaxation of that force to reassert the independence of its inhabitants. Overcoming the resentment of people is a far more formidable task than the occupation of their land. To this task Japan has frantically applied herself, rationalizing her conquest by equivocation and an unveiled campaign of race hatred and intimidation.

It is the bankruptcy of Japanese propaganda, however, that makes for the frantic nature of its efforts. The failure of each line only produces a new and more feverish attempt, but this very process of continuous trial and error adds to the inconsistency and ineffectuality of propaganda. One line accuses the Communists of destroying China, the next accuses the Soong family and Chiang Kai-shek, and still another the foreign imperialists, especially Great Britain. But in one thing it is consistent enough, and that is in its acclamation of the Japanese invasion as being something imposed upon the Chinese people for their own good, to save them from the foreign imperialists and the Communists.

If only the Chinese could be induced to see Japanese warlords in the role of benevolent guardians, Japanese propaganda would have overcome its gravest difficulty. To achieve this, they have created innumerable fictitious organizations, making it appear that recognition of Japanese benevolence has already dawned upon a considerable number of the Chinese people. Under the disguise of these organizations, they were enabled to launch their trials in propaganda, which might seem ludicrous and contradictory coming from a central and official source. To the handbills and pamphlets they were able to affix the names of organizations, such as the "Shanghai Anti-Communist Youth," "Chinese Republic Workers' League," "Chinese Republic Workers Support Committee," "China Rehabilitation Society," "The Three People's Principles Anti-Communist Youth Corps," the notoriously anti-foreign "Great Peoples' Society" and others.

The nature and membership of these organizations remain very much in the dark. How many of them actually exist, and the number of Chinese engaged in their activities, are facts which the Japanese have not seen fit to reveal. That there are Chinese in them goes without saying, for in every nation there are certain procurable elements, or elements susceptible to intimidation.

The leaflets and posters purporting to emanate from these high-sounding organizations, have been distributed by the constabulary of the Shanghai City Government, some of them from airplanes flying over the International Settlement, sometimes by soldiers from military trucks, and very often by armed terrorists. These elements frequently issue from their haunts beyond the creek to bring enlightenment to the Chinese residents of the International Settlement. The following is a sample of their educational tracts: "The tranquillity and good order existing in China have been upset by five monsters, namely Chu Teh, Mao Tse-tung, Chou En-lai, Yih Chien-ying, Zing Hsien, who have enlisted as their subordinates the five

The inscription on this picture, in Japanese and Mandarin, reads: "Today the weather is very nice and the Japanese war plane is flying to drive out the bad men"—meaning, of course, the soldiers and supporters of the Chinese Government and the Chinese guerrillas.

devils, namely Chen Kuo-fu, Chen Li-fu, Cheng Chin, Hu Tsung-nan, and Yang Chin. The five devils of the Kuomintang are under the influence of the five monsters. The king of the devils is Chiang Kai-shek who, too, must submit to the will of the five monsters. China therefore has become the headquarters of monsters and devils."

Listing the outrages and murderous assaults of the Comunists this masterpiece concludes by asking everyone outside of Japanese control to pay no taxes or help the monsters in any way.

The identification of their enemies with devils is not so extraordinarily subtle as the propagandists imagine. In essence it is simple enough. The Chinese are revolted by monsters and devils. Therefore, once convinced that their national leaders are devils, they would also be revolted by them. If the Japanese, however, could convince anyone of this similarity they could do anything, not with their armies or with the brains of their propagandists, but by their ability to work miracles.

Accompanying this masterpiece were leaflets explaining that the guerrillas were bringing calamity upon the people "they were raping and plundering to their heart's content" and saying "a census must be taken so that the guerrillas will be unable to hide in the villages." Other pamphlets invoked the Chinese people to protect the railroads in the hands of the Japanese. "The mad Kuomintang armies have wantonly destroyed the valuable highways and railroads built with public funds." Thus would the Japanese propagandists display a solicitude for Chinese property, but only after it has fallen into their own hands.

From time to time in the past, it has been the strategy of the Japanese to instigate rumors of a Chinese bid for peace. Last January, from an airplane flying over the International Settlement, copies of telegrams were showered upon the people. One batch contained the text of a Wang Ching-wei bid for peace. The others, however, were supposed to be copies of mysterious telegrams from Chinese ambassadors to Europe and America, urging their government at Chungking to accept the Japanese peace terms of Prince Konoye. By these devious ways, the Japanese attempt to acquaint the Chinese government with the terms upon which they would consent to talk peace. Moreover, since this ballyhoo for peace invariably came from one of the fictitious Chinese societies under their control, it might appear that peace was being sought by the Chinese people themselves. These tactics failed to produce any results whatever, whereupon the Japanese War Department gravitated to the more drastic policy of espousing a more direct and open spokesman in the person of Wang Ching-wei. Around this notorious renegade they have built an organization called the "Three Principles Anti-Communist Party."

On July 15, police of the Shanghai City Government, members of the Special Service Corps of the "Chung Kuo Kuomintang Anti-Comintern and National Salvation Army," and a Japanese armed corps distributed in the Western district, in Yu Ya Ching, Nanking Road and elsewhere, a proclamation to the youth of the nation, advocating the policies of Wang Ching-wei. It was more subtle than anything previously promoted by the Nippon puppeteers. It lauded the resistance of the Chinese people, who were on the verge of creating a unified and mighty nation, but who were diverted from doing so by the Communist-incited war against Japan. It continued:

"The lesson gained in the sanguinary war of two years proves that China is incapable of extinction. This Japan realizes. The time has now arrived when the two nations negotiate their differences on an equal footing. The time is now ripe for peace, and the principles of rapprochement, joint Anti-Comintern, economic cooperation should form the basis for peace in the Orient. We reaffirm our faith in the Three Peoples Principles, and we assert that we will concentrate our strength with the will of the Fascist spirit and endeavor to bring about national salvation." It concluded with these exhortations: "Youthful comrades, Unite!" "Support the peace policy of Mr. Wang," "Elucidate the teachings of Sun Yat-sen," "Long live the Republic of China!"

Friendly Sino-Japanese rivalry on the sports ground is the theme of this propagandist effort. And the Japanese flag is shown here exclusively.

These last utterances might well sound a trifle incongruous coming from those who would forward and maintain them by the "will of the Fascist spirit." It is interesting to note how the Japanese have tried to pervert the slogans and sentiments of the Kuomintang for their own purposes. Thus have they slandered the term "National Salvation," and used the Three Principles of Dr. Sun Yat-sen, even the name of the Republic itself, on the dismemberment of which they are now busily engaged.

On the walls of several Shanghai streets, posters have proclaimed, among other things, that "Wang is the only faithful disciple of Sun Yat-sen," "Wang is the only leader of the Kuomintang," "Support Wang's policy of National Salvation." It will take more than posters and pamphlets to sell Wang Ching-wei to his censorious countrymen. A person ostracized by his government for betrayal during its struggle for existence is hardly the kind of person to gain any following whatever.

Through all this campaign of anti-foreign, anti-Communist anti-Nationalist propaganda, the people of China have retained their revulsion against the invader. Propaganda can only be effective where a receptivity exists. This, however, is completely lacking as far as Japanese propaganda is concerned. On the other hand, the laudation of traitors, the obvious misrepresentation of facts, the abuse of national leaders, only succeeds in aggravating the revulsion of the people still further.

Incredulous and fantastic as the propaganda of the Japanese may appear, it should not be treated lightly. It is the supreme effort of some of the best brains of the Japanese War Department. In those colored handbills, in those desperate appeals for Chinese approbation, are demonstrated the necessities and weaknesses which no government report can afford to admit. Far more can be learned from them than from the *Domei* news service, which will, if nothing else, stand as Japan's major contribution to the fiction-writing of the last few years. In the invocations of these leaflets and posters are manifested the craving for those things without which Japan's military efforts are failures. In their frantic appeals for peace, the Japanese warlords are admitting the bankruptcy of their war of conquest and annexation. Peace must come, of course, on their own terms but their vehement protestations of a desire for peace, and the subterfuges they employ to gain it, promote the suspicion that they are extremely apprehensive of a war whose end they cannot see.

Parisians Get Gas Masks Manufactured in Reich

Some of the civilian inhabitants of Paris were given a strange surprise on Aug. 3, when gas-masks were distributed to them by the authorities. On examining the masks, they discovered to their astonishment that these protective devices bore the words "Made in Germany" or "Made in Czechoslovakia" stamped upon them, *Transocean* reported.

Even the pigs are not afriad of this "friendly" Japanese war tank, according to the inscription on this picture, which adds: "The fierce tank is our colleague. Good men need not be afraid."

Japanese Paper Magnate Sails for Nazi Meet

Mr. Cinjiro Fujiwara, retired Japanese paper "king", sailed from Yokohama for the United States August 6 in the m.v. Hiye Maru en route to the Congress of the German National Socialist Party in Nuremberg in September.

German Bank Chairman Pessimistic on China

"There is utter confusion in China," Herr Franz Urbig, chairman of the Deutsch Asiatische Bank, declared at the annual meeting of that institution held in Berlin Aug. 3, *Reuter* reported. Because China's main commercial cities are situated on rivers whose lower courses are in Japanese hands, the country's export trade had become so small as to be hardly worth mentioning, he was reported to have said, adding that currency confusion meant an additional setback to trade. While everything possible had been done to safeguard the interests of the bank (which has a large office in Shanghai) nothing could be said about future prospects. The meeting passed a dividend of 15 marks on ordinary shares, as compared with 25 marks the previous year, according to the *Transocean* report.

Guerrillas Active Around Shanghai

Hungjao airdrome and the Japanese radio station at Lotien, near Woosung, suffered serious damage on Aug. 2 as a result of two late evening attacks launched by guerrillas and many regulars stated to be under the direct command of the Military Affairs Council in Chungking.

Quoting recent arrivals from the western district, a Chinese report stated that tension reigned in Hungjao when the surprise attack was made. Outnumbered, the Japanese garrison troops there withdrew, waiting for reinforcements which came early the next morning when the attackers had already gone. The attacking force is stated to have been led by Miao Sen, who takes orders from Chungking.

In the radio station attack, the Japanese offered strong resistance after obtaining reinforcements from their headquarters in the western district, but despite this the guerrillas caused heavy damage to the station and escaped safely, the report said.

Early on Aug. 3 a fierce battle was fought between the Japanese and members of the New Fourth Army operating along the Tsingpu-Shanghai highway in a village called Cheng Ka Chiao, the same report states. Villagers and farmers were awakened by the heavy gunfire. The Japanese are said to have also obtained reinforcements from the western district headquarters. The fighting lasted until 8 a.m. The Japanese started a house-to-house search, arresting ten villagers.

The reports substantiate the numerous earlier reports to the effect that gunfire was audible in the western districts very often in the evening. These reports suggest that the Japanese are having a hard time in bringing the guerrilla situation in the district under their control.

Counter-Offensive Predicted

Chinese press reports last week quoted recent arrivals from Hangchow as stating that many official posters had been seen on walls in the lake city advising people not to go over to the side of the Japanese or puppets as a big counter offensive aiming at retaking the city will soon be launched. The posters were signed by General Huang Chao-hsiung, Chungking-appointed governor of the province of Chekiang, and two other Chungking appointees.

The puppet police in Hangchow were said to have been punished for the appearance of such notices, which took all unawares. Many fully armed Chinese regulars were stated to have recently reached Moukapu on the outskirts of the lake city and surrounded a detachment of puppet "pacification" troops there, disarming them. They also arrived at Chingsarkiang, which is very near the West Lake, where they again disarmed all puppet troops and escaped safely to their own headquarters, the reports stated.

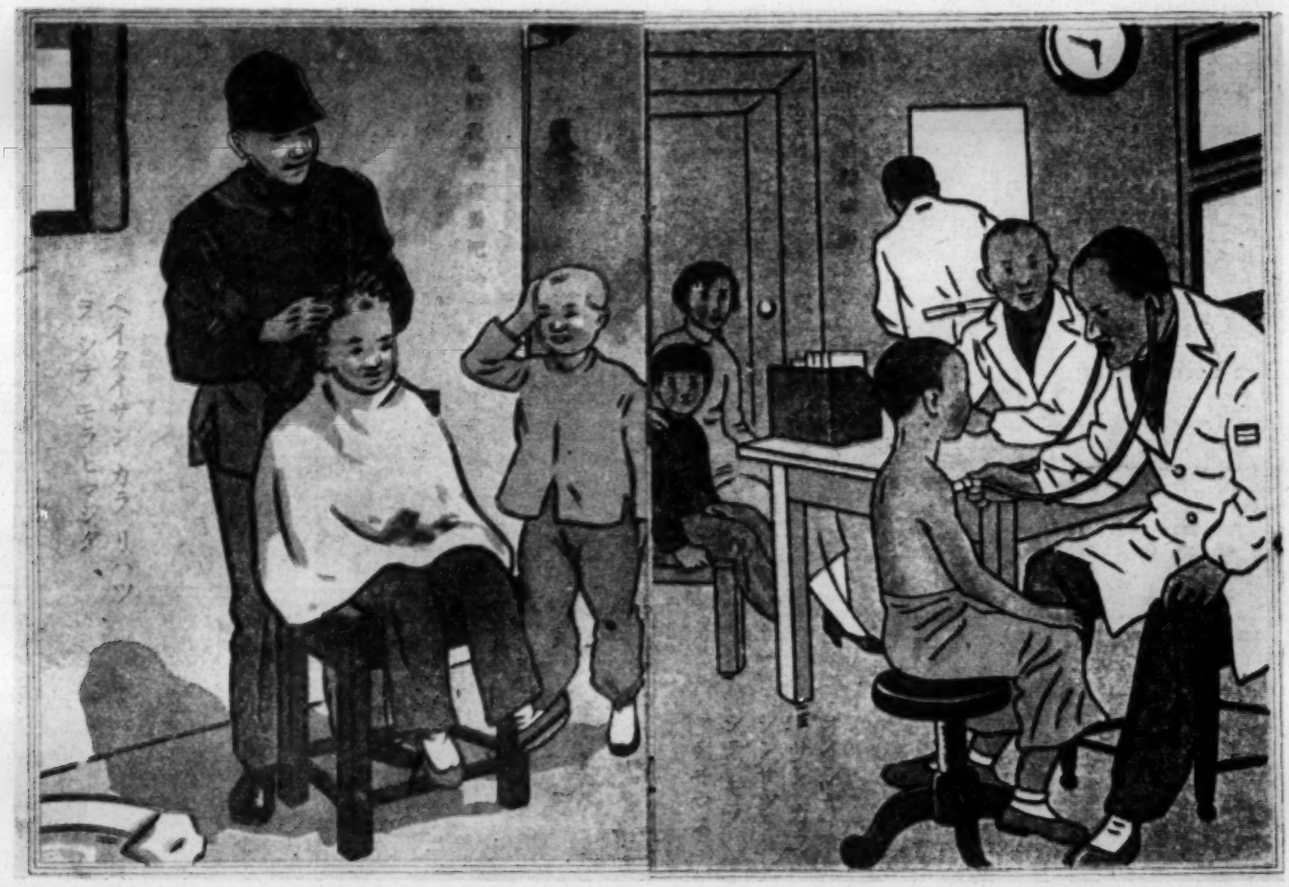
New Japanese Firm will Trustify China Shipping

Designed to place under unified control Japanese shipping operating between Japan and China and along the China coast, the East Asia Maritime Transport Company Ltd., capitalized at Yen73,000,000, came into being in Tokyo on August 5, *Domei* reported.

Mr. Isao Kawada, former vice-minister of Finance and of Overseas Affairs, was elected president, while Mr. Yosuhara Shimize, a director of the Nippon Yusen Kaisha, was chosen vice-president.

Placed under the operation of the new firm will be the shipping lines extending from Japan to Tientsin, Tsingtao, Shanghai and South China, in addition to the Formosa-Shanghai, Formosa-Tientsin, Formosa-South China, Dairen-North China, Tientsin-Shanghai, Tientsin-South China and the Dairen-South China routes, at present operated by various Japanese companies.

The new firm will also undertake the operation of wharves and warehouse, the management of other undertakings connected with shipping, and investment in other shipping ventures. It will possess at the outset 59 vessels with an aggregate tonnage of more than 250,000 tons, provided by 11 firms in the form of investments in kind, the report asserted.



The Japanese are SO benevolent, SO kindly to the Chinese. Here they show themselves giving haircuts to Chinese children and also medical examination. And the Chinese kiddies look SO pleased!

Japanese Military Campaign Bogged Down by Torrential N. China Rains

ADDING to their already considerable difficulties, torrential rains over the whole area of southeastern Shansi have completely bogged down the drive of the Japanese army, designed to clear that area of Chinese regular troops and guerrillas, *Reuter* reported from Peiping on Aug. 6. Reports regarding this fresh snag encountered by the Japanese invaders were brought to Peiping by travellers from Shansi, *Reuter* said.

One Japanese column, consisting of at least two divisions, was said to be having the greatest difficulty in maintaining its communications, ordinarily kept open by mechanized units, as the whole countryside had been turned into a quagmire. Travellers said that as the rains were continuing and Chinese guerrillas were most active in southeastern Shansi, the Japanese expeditionary force was likely to suffer terrific losses and might even be starved out.

Han River Rising

A *Transocean* report from Chungking stated that Japanese operations in Hupeh were adversely affected by the rising of the Han River. Soldiers of Dai Nippon are being compelled to devote their energies to erecting dykes to protect their positions and thus are unable to advance their military campaign.

Flood conditions now prevail over a wide area of North China, according to a *United Press* report from Peiping. Floods caused by heavy rains, the agency said, have ruined most of the crops and inundated most of the land in 60 hsien of Hopei province, 15 in Honan, six in Shantung, 10 in Chahar and 20 in northern Kiangsu. Many country dwellers lost their lives. The northern section of the Peiping-Hankow Railway, only recently repaired, is jeopardized by at least 12 breaches in the Yungting River dykes. Near Changhsientien the water is nearly 20 feet deep.

Epidemics have appeared in some places, and at Tungchow in eastern Hopei 500 refugees of a total of 2,600 are ill of malaria and ague. Food supplies are very low. Peiping is also said to be suffering from a shortage of food.

Honan Advance Halted

On the southern Honan front, according to Chinese military dispatches, the Japanese advance has been definitely halted. Three Japanese columns advancing from the Peiping-Hankow Railway had been attempting to reach the Tang Ho at a point between Sinyang and Mingkiang, but were outflanked by Chinese troops attacking from the north. After several days of severe fighting, the Chinese claimed to have retaken Mingkiang. They reported that the Japanese were in full retreat and being pursued southward toward Changtaikuan, to which the Chinese had laid siege. As a result of this victory, it was claimed that the Japanese campaign in southern Honan had been "effectively crushed."

A *Kuo Min* report from Chungking on Aug. 5 claimed the recapture within the previous few days of Sinnantien, Mingkiang, Kuhsien, Pingchangkwan, Yuehhotien, Maotsi and Wukiatien, strategic points in the Sinyang sector of southern Honan. The Japanese suffered heavy casualties, the agency said, adding that Gen. Chiang Kai-shek had telegraphed Gen. Cheng Chien, director of the Northwestern Headquarters of the Military Affairs Commission and concurrently chairman of the Honan Provincial Government, to submit to Chungking a list of the officers who had distinguished themselves in the operations.

Troop Withdrawals Reported

An earlier *Kuo Min* report from Chungking, on Aug. 3, said that reported withdrawals of large numbers of Japanese troops from the central China zone had been confirmed. The explanation advanced by Chinese military circles as the most probable was that the Japanese were preparing a fresh drive on Shensi province via Suiyuan and Inner Mongolia in view of the failure of their offensive in western Shansi. The War and Navy ministries in Tokyo denied that troops were being withdrawn and said the Chungking report had no foundation.

Japanese forces in China, the War Office spokesman declared, according to *Domei*, would "never budge an inch" from their present positions, but on the contrary would keep up their offensive until all anti-Japanese, Kuomintang and Communist forces have been crushed.

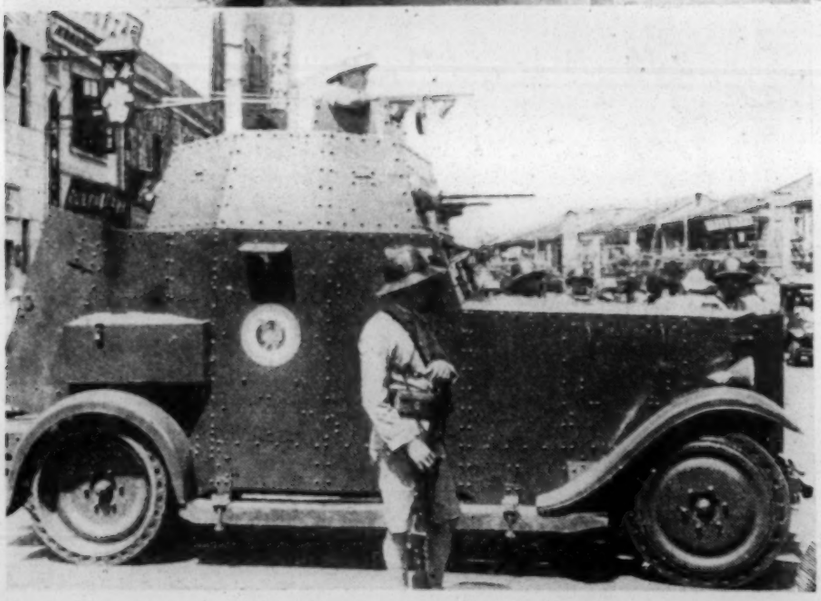
Nippon Campaign in Shansi

Press Union photo

This picture shows what heavy rains are doing to southeastern Shansi, where Japan's military campaign is reportedly bogged down. The soldiers on the lower level are using what was once a Chinese-built road before the treacherous soil characteristic of Shansi turned it into a gorge.

Shanghai's Newspaper Row Under Heavy Police Guard

Photos by Lacks.



Since the terrorist attack on newspaper offices on July 22, this section of Shanghai has been under extra heavy police guard.

The pictures at the left show armored cars on the Frenchtown side of Ave. Edward VII, guns trained on the building housing newspaper offices at No. 160. Above, a concrete pill-box erected opposite the offices of the Shanghai Evening Post.

Tokyo Afternoon Paper Suspends After 24 Years

The newspaper reading public as well as journalistic circles in Tokyo received a serious shock on July 17 when the *Tokyo Yukan*, popular 24-publication. Aside from the police an-year old afternoon newspaper ceased nouncement that the suspension of the paper "was in atonement for publishing a certain item of news in June," there has been no other statement; neither has there been any reference to the particular news item which was responsible for the detention for several weeks of Mr. Nakajima, president of the company which published the paper. An English translation service in Tokyo said that Mr. Nakajima "realized the grave offense he had committed—in his talks with the censorship officials —and had voluntarily offered to cease publishing his paper permanently...his decision was solely due to his sense of responsibility to the public." And still no notice of what it was all about. The translation service concluded its report by expressing the hope that other publishers "whose sole aim was to please subscribers without taking national interests into consideration." would take heed of the fate of the *Yukan*.

More Nippon Bombers Arrive in Hankow

Seventy-five additional bombing planes have arrived in Hankow to augment Japan's central China raiding force, according to reports circulating in Chungking, *Transocean* reported Aug. 7. The additional machines, it was stated, would bring the total of Japanese bombers in Wuhan to 140.

P.I. Red Cross Renders Aid to War Sufferers in Province of Fukien

(Reprinted from the July, 1939 issue of The Health Messenger, Manila)

THE Philippine Red Cross has been able, through the facilities of the office of the vice-chairman of the American National Red Cross in charge of Insular and Foreign Operations, and the International Red Cross Committee in Geneva, to assist again this year the Spanish population of the Philippine Islands. There have been many written and verbal expressions of gratitude for the visits and reports made by the Red Cross representatives, and the services rendered directly to their relatives in Spain with whom they had been unable to communicate, or in some instances, locate. Personal messages on forms supplied by National Headquarters were sent for twenty-three applicants for this service. Manuscript messages in reply gave assurances of the safety of relatives in bombed cities and brought immeasurable comfort.

Transportation from Spain has been effected for two families and arrangements are now pending for three others; sums of money have been sent through the Red Cross for 17 families; welfare reports have been obtained for 32 applicants. In addition to those who have received actual service, many have consulted the Red Cross for advice and assurance. Statistics give no idea of the volume of the service, the hours spent in travel through dangerous territory, and the expenses incurred to obtain reports. A constant stream of radiograms, letters, messages and money has travelled through Red Cross channels from the Philippine Islands to individuals in Spain, and brought untold satisfaction and solace to applicants for service in the Philippines and material relief and comfort to those in Spain.

Refugees from Amoy

Service has been given to 57 Filipino refugees who were forced to leave the Amoy area when that city was occupied by the Japanese. This service was rendered in cooperation with the American Consul at Kulangsu. In response to appeals, this Consulate secured transportation for many Filipinos, notifying the Philippine Red Cross of the date of their arrival. A member of the Consultation and Service Department contacted these refugees at the Detention Station, secured their release, found them living quarters, and assisted them to return to their homes, requesting their relatives by wire to meet them upon arrival. In a few cases refugees had funds at their disposal to cover the cost of transportation from Amoy to Manila, but in the majority of cases, the American Consul arranged for their transportation and was reimbursed by the Philippine Red Cross.

Eleven appeals were received from parents or relatives of Filipinos now in the war areas, asking that they be found and repatriated. Although many letters were exchanged between the American Consul and the Red Cross in regard to these people, efforts to locate them have been so far unsuccessful due to the fact that those living in and around Amoy fled from the city and are now wandering from place to place.

Amoy in Fukien Province, and the south coast of China nearest to the Philippine coast, is the homeland of more than 80,000 Chinese who have for many years resided in the city of Manila. Direct steamer service being maintained between Manila and Amoy, women and children, relatives and near relatives of the Manila Chinese, fled to the Philippines for refuge. The authorities at the Immigration Detention Station on Engineer Island were confronted by an unusual situation. The station became crowded. Sanitary facilities were inadequate. Many of the women and children became sick. The Secretary of Labor appealed to the Red Cross for emergency aid and this aid was granted. A dispensary was installed, two nurses and two matrons were placed on duty, cots, sheets, cleaning materials, dispensary equipment and medicines were supplied by the Red Cross. The quarters for the women and children were enlarged. Partitions were erected. The quarters were whitewashed and the daily cleaning supervised by a Red Cross worker. This work was an emergency measure, and after things were placed in running order, and the new set-up functioning smoothly, the immigration authorities, on June 1, took over the responsibility. The Red Cross workers were withdrawn. However, the authorities requested that a Red Cross staff member be assigned to visit the station at regular intervals. This was arranged. These visits continued throughout the year and created a widespread interest in the increased burden that the war in China placed upon the immigration authorities. Active steps have been taken to improve the facilities at the Detention Station to meet new conditions.

Many Were Deported

Many tragic stories of war refugees came to light through the contacts of our workers with the refugees at the Detention Station. In some instances the necessary papers to secure entry were incomplete, and helpless families, who had been in the Detention Station many weeks, were deported to the war-stricken regions from whence they came. The Red Cross workers took up these matters, made efforts to complete the requirements for entry into the Philippines, where relatives and friends would care for them. The situation was most pathetic. In some instances, women, young and old, threatened to commit suicide. Consideration of the problem continued and finally arrangements were made between the Commonwealth Government and the Philippine Chinese General Chamber of Commerce whereby legitimate war refugees could be admitted to the Philippines under bond for the duration of the hostilities. A Red Cross staff member has been assigned to assist this class of refugees, and for seventeen women held at the Detention Station, facts were established

China Today (New York)

that they were actually seeking refuge from war affected areas.

A Christmas party was arranged with Christmas gifts for children in the Detention Station on Christmas Day.

Early in the year the appeal of the American Red Cross initiated by President Roosevelt for the relief of civilian war sufferers in China was issued throughout the Philippine Islands. Pesos 28,757.78 was collected and transferred to the National Headquarters in Washington.

Medical Supplies Sent

With the extension of hostilities to Amoy and the South China coast, within a few hours sailing from Manila, urgent relief appeals reached the Philippine Red Cross through the strong Chinese war relief agencies in Manila. Some appeals came direct. These Manila relief agencies, particularly the Philippine Chinese Women's Relief Association and the Chinese Fukien Relief Association, sought the cooperation of the Red Cross, and found it desirable to act through the Red Cross in dispatching large quantities of medical and relief supplies to China. In many instances, the Red Cross prepared these supplies for shipment and attended to the shipping arrangements. All shipments were made, on behalf of the donating agency, to Dr. Wu Chang Yuoeh, director, Hongkong Bureau of the National Red Cross Society of China, who arranged transhipment to the interior and to points where war refugees were concentrated.

The most significant event of the year that involved the Philippines sanitary facilities. Amoy and the concentration of over 80,000 Chinese refugees on the island of Kulangsu, without adequate food, water or sanitary facilities. Amoy and the adjacent country is the homeland of the large Chinese population in Manila and the refugees on the island included many of their own friends and relatives. They were entirely out of communication and appealed to the Red Cross. An inquiry sent on their behalf brought urgent appeals from the American Consul at Kulangsu. A conference was held between the Red Cross and leading members of the Chinese community. Funds were provided by the Chinese Fukien Relief Association and 3,300 sacks of rice were purchased in Hongkong and placed in the care of the American Consul at Hongkong, who arranged shipment to the American Consul in Kulangsu. This shipment was landed at Kulangsu within a few days after the occupation of Amoy. The Philippine Red Cross, with its own funds, dispatched twenty cases of smallpox vaccines, medical and surgical supplies.

Vaccines Prepared

In July, appeals were received from the Office of the Health Department of the League of Nations in Singapore, and also direct from China, for large quantities of anti-cholera vaccine. The University of the Philippines, which operates the laboratories of the Commonwealth Government at Alabang, Rizal, was immediately consulted. At first they felt that their facilities were inadequate for the manufacture of such large quantities but after consultation they decided they could increase their staff and equipment and prepare half a million doses to reach China on or before the date set by the Singapore Office of the League of Nations. After making preparations, and setting up their equipment, they found that they could manufacture, bottle and pack for shipment at the rate of one million or more doses per week. These facts were dispatched to the National Headquarters of the American Red Cross in Washington and an order was received for the first half million doses manufactured. Within a few days Pesos 30,000.00 was raised by the Philippine Chinese Women's Relief Association for the purchase of an additional million doses. To the credit of the Philippine Government laboratories one million and a half doses of vaccine, in 126 cases, were manufactured, bottled, packed, and ready for shipment to China within ten days.

Industrial Recovery Has Passed Its Peak

The peak of recovery in manufacturing enterprises in Shanghai has been passed, according to the July report of the Industrial Section of the Shanghai Municipal Council published at the end of last week. While some seasonal factors are operating in the reduced production now appearing, the report states, other factors such as restriction of bank withdrawals, exchange developments, difficulty of obtaining raw materials from nearby provinces, and closure of ports, have begun to affect the volume of production in some Shanghai factories.

Continuing, the Industrial Section report reads: "Factories in the area North of the Creek whose products have a market in the lower Yangtsze valley seem somewhat less influenced, but a major difficulty for all enterprises is the increased price of raw materials. Factories making consumer goods from imported raw materials are already curtailing operations. Rubber shoe factories, which since hostilities have drawn 75 per cent. of their raw materials from abroad, enamelling factories buying 70 per cent. of their raw materials outside Shanghai, tobacco, thermos bottle, and glass factories are affected. A selling price adjustment of from ten to fifteen per cent. in some products was made after the first fall in exchange, but the market has not been able to absorb a second adjustment, and, instead, factories are reducing output or ceasing operations altogether. Some enterprises having bought raw materials at more favorable exchange, are preferring to sell these and profit by the increased price, rather than to manufacture them when selling prices of finished goods bring proportionately less return. The result is likely to be an early increase in unemployment.

"Saw mills which are now unable to obtain timber from Wenchow and other Chekiang ports, and for whom the fall in exchange means increased prices of imported timber, foresee a slack time ahead. Flour mills have ample stocks of wheat for the moment and expect to maintain flour production.

"Seasoning powder factories whose market is abroad are busy. Of the 46 silk filatures which were operating before the close of the last cocoon season, many will not reopen. Cocoons are coming in only in small quantities, and are high in price. Filatures which were reeling low grade silk for the Shanghai market will suffer. Those using modern equipment and reeling for the overseas market will be better off."

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Shanghai Living Costs Soar, Workers Strike

The cost of living index for Shanghai workers, with the pre-hostilities level as 100, soared to 188.56 in July, a jump of 12.41 points as compared with the June level, according to the monthly report of the Industrial Section of the Shanghai Municipal Council. When the July index is compared with the preceding month, the same month last year and the base year of 1936, the respective increases are 7.05, 20.98 and 88.56 per cent.

Consequently, a dollar in July, 1939 was reduced in its purchasing power to $0.5303 of its 1936 value.

Comparing the group indices with those of June, food shows a rise of 9.56 per cent.; rent, 4.67 per cent.; fuel and light, 5.58 per cent.; miscellaneous, 0.46 per cent.; clothing remains almost stationary, the drop being only 0.07 per cent.

That wages have failed to keep pace with soaring living costs, was indicated by workers' demands for higher wages. Bookbinders in several small establishments in the Settlement struck for a 30 per cent wage increase and were still on strike at the beginning of this week, while 800 workers engaged in the transportation of flour demanded a 40 per cent increase of the mill owners and finally compromised on an increase of 17.5 per cent. A group of textile mills issued an additional cost of living allowance effective June 26, the report said.

Pearl River Blockade May Be Lifted Soon

Successful Japanese naval operations in the Pearl River delta would soon permit the lifting of the blockade on that waterway, Rear-Admiral Masao Kanazawa, director of the Bureau of Publicity of the Navy Ministry, declared in Tokyo Aug. 3 during his weekly press interview.

Referring to foreign criticism of the Japanese blockade, Rear-Admiral Kanazawa, who acts as spokesman for the Navy Ministry, pointed out that the Pearl River had been reopened to navigation with the full understanding that the ships of third-party Powers were to carry only cargo consisting of daily necessities for foreign residents of Canton and that the river could be closed at any time that strategic necessity called for such action.

The present blockade had been deemed necessary because of fresh military operations in the delta region, he added.

China's Last Line of Defense in the Southwest

BY WILLIAM HENRY CHAMBERLIN

(Atlantic Monthly)

KUNMING, capital of Yunnan Province, picturesquely situated on a plateau which lies a mile above sea leavel, is a city of amazing and fascinating contrasts. Ten years ago the riksha was an innovation and a rarity in this sleepy, opium-sodden center of a remote and neglected province. Now the fast and remarkably safe airplanes of the Eurasia Company, a joint Chinese-German corporation, transport one in a few hours from Kunming over the mountains to Chungking, the new nationalist capital, to Hanoi, in French Indo-China, or to Kweilin, the much-bombed city of fighting Kwangsi Province.

Water-Buffalo Pace

Much of the life in Kunming still moves at the water-buffalo pace of the Chinese interior. But the riksha puller, who vents his wrath in picturesque imprecations on the mother of anyone with whom he collides, may look up and see foreign airplanes of various makes, piloted by Chinese cadets, circling over the city. The typical Yunnan small shopkeeper still drowses over his opium pipe. But next door to his shop one may meet the energetic, wide-awake engineers of the bureau that is working day and night drawing up blueprints for the new Burma-Yunnan railway.

A foreigner is linguistically lost without some guidance in the colorful streets and alleys of Kunming, with their penetrating smells and their choking dust. But one may step off one of these streets, enter an unostentatious gateway, and find oneself in the highly intellectual company of a score of university professors and other educated men, late of Peiping and Tientsin, who are ready and eager to discuss, in most admirable English, the problems of war and reconstruction, the outlook in Europe, the philosophies of Communism and Fascism.

For Kunming ranks with Chengtu, in Szechuen, as one of the two chief cultural centers of nationalist China. Three universities—the National and Chinghua, of Peking, and Nankai, situated in Tientsin until it was bombed and burned down in the summer of 1937—are now established there as a common unit, with over two thousand students and most of their professors. And two or three more universities are on their way to the Yunnan capital.

Contrasts are Symbolic

All these contrasts are symbolic of the great changes that are coming over China's neglected and little-known interior under the stress of a war that has given the enemy the main ports and rail and river arteries of communication, together with the most industrialized parts of the country. During a meeting with the sympathetic British Ambassador to China, Sir Archibald Clark Kerr, after the fall of Canton and Hankow, Chiang Kai-shek outlined his plans for the future in approximately the following terms:—

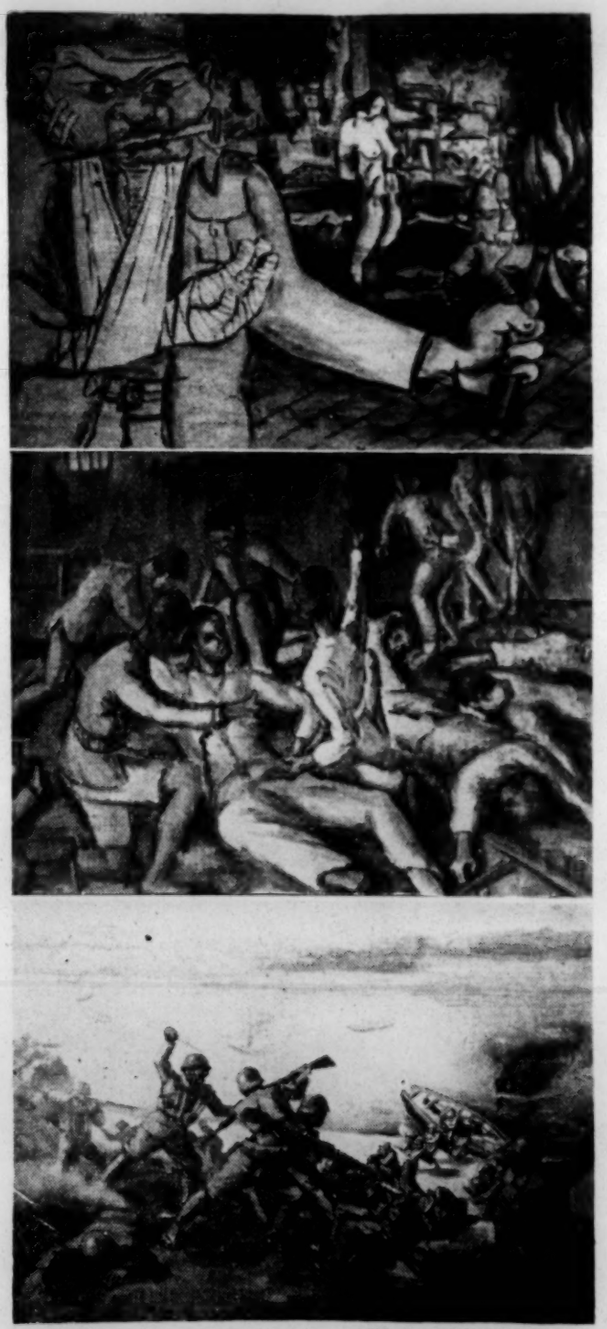
We retain control of a vast inland empire, where the Japanese cannot follow us, except at ruinous cost. Hitherto provinces like Szechuen, Kansu, Shensi, Yunnan, and Kweichow have been primitive and undeveloped. Now we shall make out of wartime necessity an unrivaled opportunity to modernize these regions, to enrich our country materially and culturally. New highways, to be followed by railways, mines, factories, schools, will change the face of our hinterland. We possess both the technical skill and the capital for this task, because so many of our educated classes have left the cities which are under Japanese occupation. Our capitalists also are looking for new places in which to invest their funds. Not for a moment shall we abandon the provinces where the Japanese have penetrated. Guerrilla warfare will make it impossible for them to exploit profitably what they have seized. And when we return, as we certainly shall, to take back our lost territory we shall be a stronger, richer country than we were before the war began.

I have heard the same ideas expressed by General Wu Teh-chen, former Governor of Kwangtung Province, with whom I talked shortly before the fall of Canton, and by many other Chinese. And, as it becomes increasingly clear that this war is not so much a mere trial of military strength (in that case Japan could already be considered the victor) as a supreme test of national endurance, the significance of the Chinese effort in national reconstruction becomes all the more evident.

Prodigious Difficulties

One should not imagine that the building up of a new China in the deep interior is as easy as it may sound on paper. The difficulties which must be overcome are prodigious. The provinces which are under the undisputed control of the nationalist government are almost without railways, and without large factories or modern industrial experience and technique. Illiteracy is very

Chinese War Cartoons



Photos by Mary Fei.

The cartoon at top depicts Japanese atrocities and incendiarism. Center drawing shows victims of an air raid. Below, Chinese soldiers repel an attempted Japanese naval landing on the coast.

high. About three fourths of the population of Yunnan (estimated at eleven or twelve million) consists of aboriginal tribes. Indeed, as the government is pushed to the West the problem of tribal and religious minorities becomes more important. Extensive regions in the West and Southwest are inhabited by Miaos, Lolos, and other tribes, while there are large blocks of Moslem territory in the Northwest and far West.

Not only are China's Western provinces deficient in any industrial base; they are also landlocked. War materials and industrial equipment, together with the exports which must pay for these imports, must be dispatched by slow, roundabout, and inconvenient routes. To be sure the Chinese have displayed remarkable ingenuity and resourcefulness in evading the rather loose Japanese blockade and conveying goods to foreign purchasers. Little-used creeks and rivers, together with the backs of innumerable patient coolies, have brought silk and cotton and wood oil over devious routes to points of sale. But the whole foreign trade of nationalist China is being carried on under abnormal conditions, which tend to limit the volume and to make deliveries slow and uncertain. Trucks are never a satisfactory substitute for freight trains; and it is on trucks that China must mainly rely for the transportation, over vast distances, of its munitions and essential supplies.

Japanese Air Raids

Moreover, almost all the reconstruction projects must be undertaken under a constant and frequently realized threat of Japanese air bombing. There is not a large town in China to-day that is out of range of what the Japanese like to call their "wild eagles." Kunming is geographically about as favorably situated as any place; but it was attacked from the air last September. During my stay there the neighboring town of Kweiyang was severely bombed. There have been air raids on Chungking, the nationalist capital; on Sian and Lanchow, in Shensi and Kansu; on Wanhsien, a large town on the upper Yangtze; while Kweilin and other towns in Kwangsi have been devastated by bombings. And, while air bombing is not necessarily decisive, it is an effective means of disorganizing normal activity.

I received an object lesson in this connection when I landed at the South China port of Pakhoi. The town seemed almost dead, with more shaggy dogs than people in the streets. The majority of the remaining inhabitants had gone out into the near-by hills during the morning and early afternoon hours which were the favorite time for air raids. Foreign ships were obliged to lie over for days before frightened coolies could be induced to load and unload cargo.

The Japanese are convinced that the maintenance of their grip on China's normal ways of access to the outside world, combined with merciless air bombing of strategic points and routes of communication in the interior, will thwart any military or economic revival on the Chinese side. But a visit to Yunnan furnishes abundant evidence that a genuine Chinese reconstruction effort is being made and that the results are by no means negligible.

Last Line of Defense

Yunnan has now become China's last line of defense, and also one of its chief windows to the outside world. Since the fall of Canton, China has been obliged to rely largely on three limited and round-about routes of communication for foreign supplies. These are the narrowgauge railway from Hanoi to Kunming, the new motor road from Burma, and the long caravan trail, now adapted to motor transport, from Siberia through Chinese Turkestan to Lanchow and Sian. The first-named routes both converge at Kunming.

One has only to travel over the Hanoi-Kunming railway— a superb

China Today (New York).

piece of mountain engineering on the Chinese side of the frontier, where the line traverses some magnificent scenery during its climb from the tropical jungle at the Indo-China frontier to Kunming—to realize that its possibilities as a carrier are limited. The railway has a narrow gauge and cannot be operated at night on the Chinese side of the border because of the danger of accidents. Its total capacity is about 90,000 tons a month. The tremendous congestion at Haiphong, chief port of northern Indo-China, where goods are so heaped up that it is often difficult to find shipments, is clear proof of the inadequacy of the Indo-China railway.

The usefulness of this French-owned line to China is further diminished because of the nervousness of the French authorities in Paris and Hanoi in the face of Japanese pressure. Despite the existence of a Franco-Chinese treaty, signed in 1930, which provides for the unrestricted importation of arms into Yunnan, a ban on munitions shipments has been proclaimed and, especially since last November, rigidly enforced. Small quantities of arms, purchased before the outbreak of the war, have been run into South China ports by junks from Haiphong. But the railway has remained closed to such shipments. It was generally understood that this ban on munitions was the price of Japanese abstention from seizing Hainan Island. In view of the clouds on the European horizon, however, it seems doubtful whether the Indo-China frontier will be opened for munitions shipments even now, when the Japanese have fulfilled their navy's long desire to take over Hainan.

For a time French restrictions and red tape also held up large numbers of trucks which China had purchased in America. Now these trucks are gradually filtering into China. The French authorities—with a rather juvenile attempt at concealment which deceives no one, least of all the Japanese, whose intelligence service is quite well informed—at the time of my visit to Indo-China were allowing these trucks to depart in small groups and only at night.

There are no administrative obstacles to munitions shipments over the Burma highway. But there are formidable natural handicaps in connection with this route. The rapid building of the road, running over seven hundred miles, part of the way through difficult mountainous country, is a monument to Chinese energy. About 150,000 laborers were pressed into service for its construction. But solidity was sacrificed to speed. The stone surfacing of the highway is not thick enough, and some of the bridges have proved unequal to the strain of heavy traffic.

Transportation Problem

According to the director of military transportation in Kunming, about one hundred trucks arrived in that city over the highway during the month of January. This would not provide the equivalent of a single normally loaded freight train. The director expressed confidence that a two-way service, with forty trucks daily arriving at Kunming and at the Burma terminus of the highway, would soon be installed. One could not but feel that this forecast is somewhat optimistic. It is generally agreed that during the rainy season in spring and summer the road, built in many places out of soft, crumbling rock, will be liable to interruption through washouts.

It was interesting to find in Kunming that work is being vigorously pushed on the new Burma-Yunnan railway. The roadbed has been laid down for a considerable distance from the town and work has started on the first tunnel. The railway will run from Kunming to Nantai, on the border, thence to Lashio, the Burma railhead, for a total distance of over six hundred miles. The line will run parallel to the general course of the highway for the first half of the route, subsequently deviating in a more southerly direction. The estimated cost is 100,000,000 Chinese dollars, of which about 25,000,000 Chinese dollars, (approximately 7,500,000 American dollars at the pre-war rate of exchange) must be paid in foreign currency for material and equipment which must be purchased abroad. Credits for this sum have been

arranged or are in prospect from British sources.

Were this railway now in existence, it would go far toward solving China's problems of supply. Such a line, in the extreme southwestern corner of the country, would be reasonably assured against military attack and even against air bombing. But, as every ton of rails must be brought up over the Indo-China railway, there is no prospect of completing this new line before the end of 1941.

Red Route to Russia

China's third means of communication with the outside world, the "Red route" from Russia, is so long that trucks are often handed over to the Chinese at the end of the run, since it is not profitable to operate them on the return run of over two thousand miles of rough road. It cannot, therefore, add much to the supplies which are reaching China through Indo-China and Burma.

Defective communications do not represent an immediate threat to China's military position. A fair quantity of arms, imported before the fall of Canton, is stored in temples, caves, and other places throughout the interior. Arsenals at Chungking, Sian, Nanning, and other towns can turn out weapons of light calibre. The need for a regular supply of heavy arms is not pressing, because positional warfare has virtually ceased since the fall of Hankow. But of course transportation difficulties retard the progress of economic construction.

Nevertheless new factories are going up in Kunming, as in other cities and towns of the interior. The National Resources Commission, a state organization, is investing 25,000,000 Chinese dollars in a group of tin and copper mines and industrial plants. The latter include a copper refinery, a copper-wire factory, an electrical power plant, a chemical works and a factory for the manufacture of electrical equipment. All except the chemical factory are supposed to be completed during the present year.

Kumning Plane Plant

On the outskirts of Kunming, not far from a textile factory which is soon to be enlarged considerably, one finds an airplane factory, carefully guarded by sentries, with its roof camouflaged in neutral colors to avert the attention of hostile bombers. This plant was built, curiously enough, with German technical aid, and is equipped to turn out airplane bodies. These will be supplemented by motors from the electrical equipment factory. The Curtiss-Wright interests are associated with the construction of another airplane works, still unfinished, near the border of Burma.

Some six hundred Chinese military pilots are in training in three schools at Kunming, at Mongtze, to the south, and at Talifu, to the west. There are about fifteen American instructors in the Kunming school. So far Chinese aviation has labored under severe handicaps. The airplanes have been of varied foreign makes, and damaged parts have been hard to replace. By the general testimony of foreign instructors, the Chinese are fair pilots but poor mechanics, and they have probably cracked up more of their own airplanes than the Japanese have shot down. There is now a determined effort to build up a new air force, however, with centers not only in Yunnan (conveniently remote from Japanese air attack), but also in Szechuen and Shensi.

One of the most interesting developments in Yunnan is the impact of the educated outsiders on the province. It was both striking and symbolic to hear a composition by Liszt being played on the impromptu campus of the "universities in exile." Going into the chemical and biological laboratories of the universities, one found some plucky experiments in practical research being carried on with pitifully inadequate equipment. A mobile oil substitute was being extracted from the wild castor beans which grow abundantly in Yunnan Province. Glycerine and vaseline substitutes were being extracted from the same source as part of a general effort to utilize vegetable instead of mineral oils, as the latter must be imported. The chemical laboratory looked like a kitchen; pots, kettles, meat grinders, were being pressed into service for lack of regular equipment.

Another scientific experiment is the artificial insemination of tung-oil trees, which are being transplanted into Yunnan from other provinces. Research is being advanced in such fields as combating insect pests and developing better grades of cotton in connection with efforts to make Yunnan more self-sufficient by introducing new crops, such as cotton and tea, to replace the opium poppies, the cultivation of which is being discouraged.

Aborigines Studied

The aboriginal tribes of the province are being studied as never before, because of the influx of intellectuals from outside. Newspapers and magazines are multiplying. There can be little doubt that the present mass migration of educated Chinese will change many aspects of China's remote interior, even though progress will inevitably be slow.

Although Yunnan has become far more important for China than it ever was before, both because it represents a last line of defense and because its frontiers march with those of Indo-China and Burma, it is not under the direct control of the Central Government. There are no Central Government troops in the province. The Governor, Lung Yun, is the last surviving old-fashioned war-lord in the sense that he concentrates all military, political, and financial power in his own hands. Together with a small group of local well-to-do families, he holds an interest in almost all the industrial, mining, and commercial enterprises of Yunnan.

When Wang Ching-wei left the nationalist camp, he departed from China by way of Kunming, and there are rumors that he endeavored to persuade Lung Yun to enter a secessionist movement which would have embraced the southwestern provinces of China. There have also been rumors of friction between Lung Yun and Chiang Kai-shek, in which T. V. Soong played the part of a mediator. The Yunnan governor was said to have resented the loss of two armies which he had sent to the front.

Vigorous Recruiting

Outwardly, however, Lung Yun has maintained an attitude of complete loyalty to Chungking. At the time of my visit, recruiting was proceeding vigorously in Kunming; the old walls and gates of the city were plastered with posters calling for resistance to the end and depicting Japanese outrages. General Pai Chung-hsi, on a visit from Kwangsi, had just made a fighting speech, declaring that the Japanese could never reach Kunming, giving an optimistic picture of the prospects of guerrilla warfare, and pronouncing himself "for the Generalissimo, in peace as well as in war." The loyalty which both Pai Chung-hsi and his associate have displayed toward their formerly bitter political opponent, Chiang Kai-shek, has unquestionably been an unpleasant surprise to the Japanese and one of many proofs of a new-found Chinese unity.

It may well be that those observers who believe that Chinese public opinion is too strong to tolerate any secessionist movement will prove correct in the future, as in the immediate past. In this case Lung Yun may be expected to remain loyal, despite the absence of visible means to coerce him. On the other hand, should Chinese resistance be destined to crumble (and Chinese defeat would most probably assume the form of a slow crumbling, whereas Japanese defeat would be in the nature of a sudden spectacular break) Yunnan would perhaps be one of the first places where this crumbling could be observed.

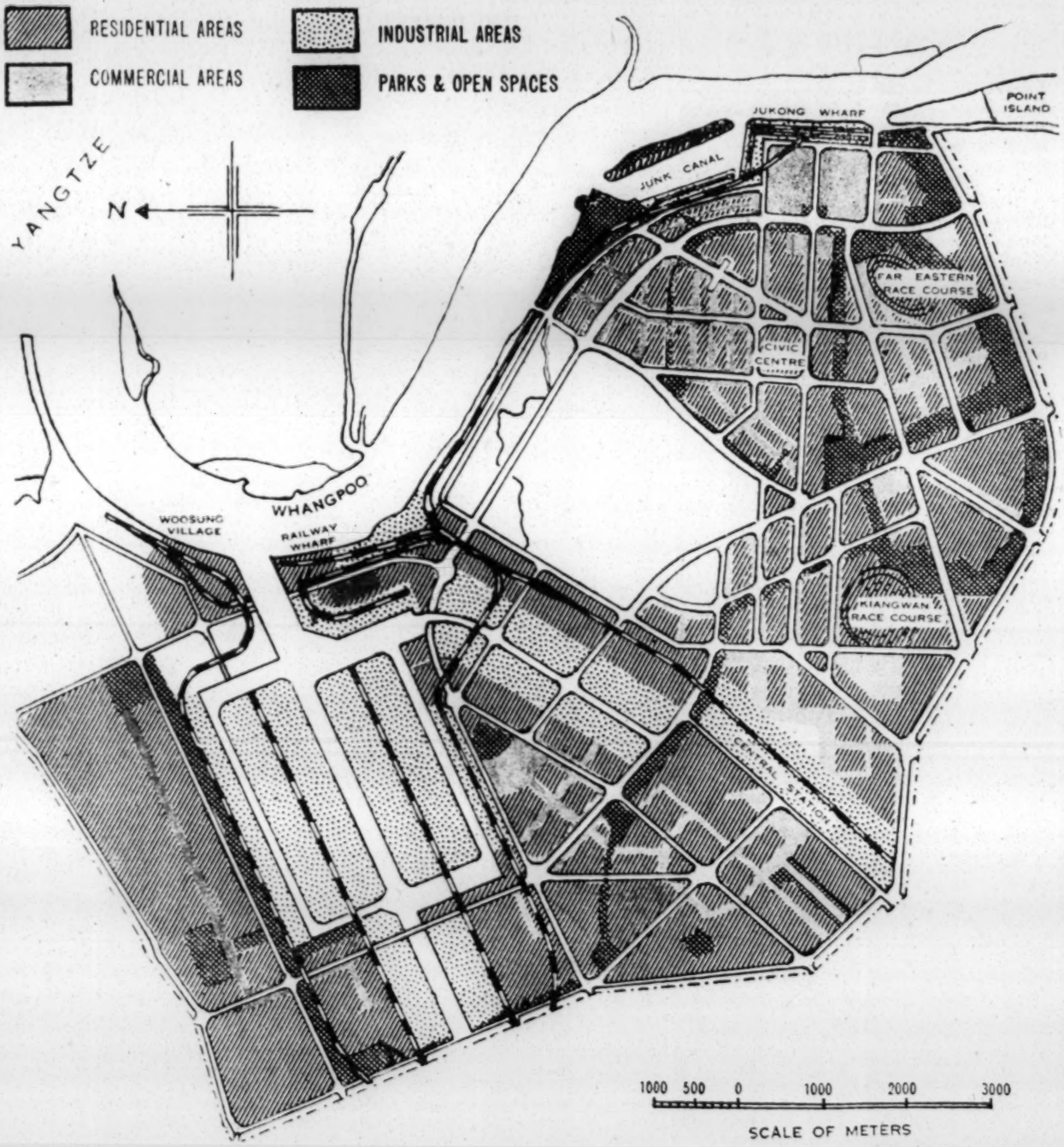
Yunnan Province is therefore an interesting laboratory for the double experiment, first of organizing reserves of resistance, and secondly of building up economically by throwing large numbers of educated Chinese among the masses with whom they have hitherto had little contact.

Nine Generals Now Head Japanese Army

Promotion of three lieutenant-generals, two of them members of the Imperial Family who saw action in China, to the rank of general on Aug. 2 brought to nine the number of generals in active service in the Japanese Army, said a *Domei* report. There are also 20 lieutenant-generals and 87 major-generals. Prince Yasuhito Chichibu, younger brother of the Emperor, was raised to the rank of colonel.

The investitures of the three new generals were conducted by the Emperor in the presence of Premier Baron Kiichiro Hiranuma. They are: Prince Yasuhiko Asaka, who took part in the capture of Nanking; Prince Naruhiko Higashi-Kuni, who directed operations against Hankow, and Toshizo Nishio, Inspector-General of Military Education.

Plan of the New "Japanese Shanghai"



North-China Daily News.

This sketch plan, showing various building zones and the approximate location of street and park areas, was issued by the Japanese authorities. It represents the "New Shanghai" which will rise on the banks of the Whangpoo River in the vicinity of Kiangwan and Woosung if and when the plan is put into effect.

Nippon Corporation To Rebuild Chapei

Reconstruction of Chapei, swept by fire as Chinese troops retreated from Shanghai in October, 1937, will be undertaken by the China Industrial Company, which has been commissioned by the Reconstruction Section of the Japanese Naval Attache's office in Shanghai to carry out the vast task, the *Shanghai Mainichi* reported Aug 3.

Extensive clearing up of ruined buildings will have to be carried out first, together with the reclamation of bricks, scrap iron, and partly-burnt wood.

The bricks will be scraped for resale to prospective house builders in the new residential area near the Civic Center, the scrap-iron will be shipped to Japan and the wood will be sold in the International Settlement and French Concession at bargain prices, according to the newspaper.

Hongkong to Censor Newspaper Posters

Newspaper publishers in Hongkong were last week ordered by the authorities to submit for censorship the posters they intend handing to vendors to advertise their various editions, *Domei* reported, adding that this extension of censorship was decided upon because of "the violent language used recently in posters, especially with reference to Anglo-Japanese relations."

The Shanghai Hostilities in Retrospect

SHANGHAI BECOMES AN ARMED CAMP

Police and military forces in both the International Settlement and French Concession have been placed on a preparedness footing during the past several days in connection with the forthcoming second anniversary of the outbreak of Sino-Japanese hostilities at Shanghai. With police patrols on duty along nearly every street, barbed wire barricades at the main intersections, systematic searchings of pedestrians, motor cars and trucks, the mobilization of the S.V.C. and foreign defense forces, the city has assumed once more a warlike appearance. The exceptional precautionary measures are being taken against possible terrorist outbreaks, either by Chinese sympathetic with the Chungking Government, or by Chinese in the pay of the Japanese or their puppets.

AS Shanghai pauses to recall the hectic morning of two years ago—the "unlucky" Friday, 13,—when the Japanese launched their second war on this city within six years, it is fitting to review in outline the furious hostilities waged here for three months and to survey Shanghai's present plight under Japanese domination.

Two years have elapsed since the firing of the first Japanese shot into Chapei that initiated the war and much has happened that has entirely changed the life of the city as compared with the pre-war days. The good old days when people could live and work in security and with freedom of movement are gone. The future is extremely uncertain and fraught with dangerous possibilities. The whole of Shanhgai is now in a nightmare; no one can tell what tomorrow will bring forth.

As far as the Great Shanghai area is concerned, it is still largely a city in ruins, disfigured by the ravages of war and drenched with the blood of the innocent. Nantao, once teeming with people and brisk with business, is now dead with no souls except the Japanese and their puppets. Chapei, center of Chinese industrial activity which once furnished a livelihood to hundreds of thousands of Shanghai's toiling masses, remains a huge ruin. Although some construction has been done in Kiangwan, particularly at the Civic Center, it is entirely of a military character and no real civil improvement has been made.

In the two foreign-administered areas, the International Settlement and the French Concession, a highly paradoxical situation exists. To all appearances, the two areas look very prosperous—a prosperity which is abnormal and really incongruous with the prevailing conditions. The increase in population has been tremendous, so tremednous that persons are packed in the limited number of houses like sardines and the overcrowding constitutes an ever-present menace to public health. Trade has boomed and practically every branch of business accumulated huge profits. Amusements of all sorts, particularly the movies and the cabarets, have been so well patronized as to sting the sensibilities of the thoughtful and sober-minded. The two areas seem to have been converted into a paradise where the people, who are mostly Chinese, forgetting that China is on fire and that the Japanese are relentlessly bent upon its destruction, are giving themselves up to enjoyment. They scarcely realize that they are, as a well-turned Chinese classic remark says, really "poor fishes in a frying pan."

Hazardous Future

Against this background of apparent prosperity, one sees a Shanghai which is actually helpless and faces a future full of hazards. In the Japanese-occupied areas of the city, a reign of terror continues to exist. No life is secure and vice in all forms is rampant.. Shanghai's "badlands" have acquired a reputation for harboring its blustering characters who by their daring exploits make the Chicago gangsters appear just a bunch of noisy boys.

In the Settlement and the Concession, life is constantly threatened by recurrent waves of terrorist activity. The sight of armored cars patrolling the roads day and night and police carrying fully-loaded guns with their fingers at the triggers is a grim reminder of the sort of life Shanghai has been undergoing.

The trade boom which the two areas have so far enjoyed seems to be rapidly disappearing. Shanghai's recent prosperity was built up upon a false foundation, which began to crumple since last month. As pointed out by John Ahlers in his article in last week's issue of the *Review*, the prosperity was chiefly based upon liberal grants of foreign exchange by the National Government to importers and exporters here. Now, with the discontinuance of sales of foreign exchange to Shanghai by the Sino-British Stabilization Fund at Hongkong, and the resulting devaluation of the Chinese dollar, both importers and exporters are confronted with a difficulty unprecedented in their experience in this city. The depreciation of the Chinese dollar naturally decreases the purchasing power of the people and discourages imports. Thus, Shanghai's prosperity will inevitably take a downward trend and may disappear altogether, if the discontinuance of the supply of foreign exchange is indefinitely prolonged.

Politically, what Shanghai will look like in the future can best be left to each one's conjecture. On more than one occasion, the Japanese have threatened an armed seizure of the Settlement and the Concession. Whether they can muster enough courage to do so and face the consequences is impossible to say. But this threat persists. Meanwhile, intermittent waves of terrorism are keeping the two areas in a state of tension. Further, the heavily-charged atmosphere in Europe is having important repercussions in Shanghai. In the event of an outbreak of an European war or an armed conflict between Japan and a third Power in the Far East—in view of the present strained relations between

Chinese Women Trained for War Service

Photo by Thomas Kwang.

This group of 450 girls, trained for war service in an institute founded by Madame Chiang Kai-shek, was graduated recently in Chungking and will be sent to the various fronts to conduct civilian training or to tend wounded soldiers. Madame Chiang is seen in the fourth row from the front, together with institute teachers, all of whom are dressed in white.

Japan and Great Britain—Shanghai is bound to be seriously affected. Since their occupation of the city, the Japanese have been keeping an eye on the two foreign areas and it can be safely assmued that they will seize the first opportunity to lay their hands on them when conditions favor such a move.

On the occasion of the second anniversary of the outbreak of the Shanghai war, it is well for the sober-minded among the Shanghailanders to do a bit of thinking in the midst of their specious prosperity, to look into the future realistically and to be prepared for eventualities. Shanghai certainly has experienced a hard lot during the past two years. Whether the worst has passed or has not yet come to pass depends entirely upon how one looks at it.

How it All Started

Probably, most of the Shanghailanders can recall vividly the circumstances leading to the outbreak of the second Japanese war here, its stages of progress and the final retirement of the Chinese forces. As we have surveyed the conditions brought about by the Japanese invasion of this city, it may be of interest to review briefly the three months of hostilities fought in and around Shanghai and the resulting terrific losses in life and property.

Shortly after the outbreak of the Lukouchiao incident on July 7, 1937, tension was rapidly mounting in Shanghai. The city experienced its first flurry on July 24, when a Japanese seaman, Sadao Miyazaki, disappeared after a visit to a house of ill-fame. His subsequent discovery and safe return to the Japanese authorities averted serious complications.

The fall of Peiping and Tientsin towards the end of July aroused intense indignation among the Chinese in Shanghai. Despite the precautions taken by the local Chinese authorities to prevent any untoward incidents in face of extreme provocation, the Japanese soon found a pretext for starting hostilities. When the Hungjao Road incident occurred, followed by a sudden concentration of Japanese warships in Shanghai harbor, it was generally realized that a second Shanghai war was inevitable and imminent.

The Hungjao Incident

On August 9, two Japanese naval officers, Sub-Lt. Isao Ohyama and Seaman Yozo Saito of the Japanese Naval Landing Party in Shanghai, armed with service revolvers, motored to the Hungjao Road area and attempted to drive into the compound of the Chinese military airdrome there. Challenged by a Chinese sentry on guard, they fired on and killed him at the entrance of the airdrome. Hearing the shots, the Chinese Peace Preservation Corps rushed to the scene, exchanged shots with the two Japanese in an attempt to drive them away. In the running battle that ensued, both Japanese were killed.

This incident immediately aggravated the situation in Shanghai. The developments in the next few days, featured by intense war-like preparations on the part of the Japanese, finally culminated in the outbreak of hostilities on the morning of August 13.

In the early stages of the war, the Chinese appeared to have gained the upper hand and successfully checked the Japanese assaults on their positions. As a matter of fact, for the initial few weeks, the Chinese pressed hard on the Japanese in Hongkew and Yangtszepoo districts and advanced as far as the Whangpoo. However, the subsequent arrival of huge Japanese reinforcements and full exploitation of their superior military equipment, particularly the air arm, offset Chinese superiority in numbers. After having withstood the combined attacks of Japanese naval, land and air forces for a month, Chinese forces strung out along the Yangtsze and Whangpoo banks had to withdraw to their first line of defence on Sept. 12 in order to get beyond the range of Japanese naval guns.

Surveying the Damage

Photo by Mary Fei.

Carl Crow, American author of several best-sellers on China and things Chinese, and now writing for Liberty magazine, surveys some of the damage caused by Japanese bombers in a raid on Chungking.

The situation took a serious turn for the Chinese on Oct. 26, when the two strategic villages, Tazang and Miaohang, fell into Japanese hands following several weeks of ceaseless aerial bombardments which practically levelled them to the ground. The fall of Tazang and Miaohang exposed the Chinese positions in Kiangwan and Chapei to effective Japanese attacks and rendered their continued defence impossible except at the risk of being bottled up by the Japanese. Thus, after having checked the Japanese for 76 days, the Chinese forces defending the Kiangwan-Chapei salient had to withdraw to new positions south of the Soochow Creek.

The Lone Battalion

Following the withdrawal of the Chinese main force, a "lone battalion" held out in Chapei for four days, during which a brisk battle was fought between its units and the encircling Japanese. The battle was so dramatic that the "lone Battalion" attracted international attention. The Japanese surrounded the Joint Savings Bank godown in which the battalion was sheltered, but could not capture the stronghold. As it was feared that continued operations would seriously endanger lives and property in the Settlement and French Concession, authorities of Shanghai's foreign defence forces requested Gen. Chiang Kai-shek to order the retirement of the battalion into the Settlement. The request was complied with and the battalion successfully withdrew into the Settlement on Oct. 29, where it has since been interned.

On Nov. 5, a decisive development occurred in the military situation here, when Japanese naval forces succeeded in landing on the northern shore of Hangchow Bay near the fortified zone of Chapoo. This unexpected flanking movement constituated a serious threat to the entire position of the Chinese forces in the Shanghai area and on the Shanghai-Hangchow Railway. The fall of Sungkiang, important station on the Shanghai-Hangchow line, on Nov. 9, directely endangered the Chinese defence in Shanghai, particularly in Pootung.

In view of this development, Chinese forces in western Shanghai, south of the Soochow Creek, had to effect a further retreat, to positions some eight kilometers west of the boundary of the International Settlement. Chinese troops which had defended Pootung for 88 days also evacuated and were transferred to the Chinese City in Nantao. After continuing bitter fighting for three more days, during which Nantao was subjected to terrific aerial and artillery bombardments by the Japanese the last Chinese units evacuated Nantao into the French Concession on the afternoon of Nov. 12. This marked the end of large-scale hostilities in and around the Shanghai area.

During the three months of hostilities, Shanghai was rocked by Japanese military operations and the whole city thrown into a state of utter confusion. Stray Japanese shells and bullets took a heavy toll of lives in the Settlement and the Concession. Life became so insecure that many foreigners, mostly women and children, had to evacuate Shanghai on advice from their governments. A large number of Chinese residents also evacuated the city for the interior. Those who remained experienced an ordeal which could only be appreciated by themselves.

An Expensive Compaign

Shanghai was perhaps the most expensive phase of Japan's invasion of China in terms of manpower and resources. Undeniably, the Chinese suffered equally terrific casualties and economic losses. But China's losses were not without their redeeming features. The fact that the Chinese, greatly handicapped in their operations by vastly inferior equipment, were able to hold the Japanese at bay in a defenceless terrain like Shanghai for three months, must be considered an achievement in itself. It

was a source of surprise and admiration to both the Chinese themselves and the foreigners. When the war just commenced some of the old Shanghailanders, impressed by Nippon's imposing array of fighting paraphernalia, confidently predicted that it would be only a couple of weeks before the Chinese troops would roll away and leave the Japanese in occupation of the city. Perhaps to their exasperation, the Chinese stayed and held off the Japanese for three months!

During the three months of operations, the Japanese were believed to have thrown in a force of at least 150,000, to which must be added some 50,000 naval personnel. In spite of this huge manpower, supported by warships and air squadrons, they were not able to inflict a decisive blow at the Chinese who, though numerically superior, were made up largely of infantry and artillery units with no guns of sufficient caliber and range to get at the Japanese warships. The final evacuation of Shanghai by the Chinese was necessitated by a surprise Japanese flanking movement on the northern shore of Hangchow Bay rather than by any successful frontal attacks by the Japanese naval and military combination.

Counting the Cost

For the occupation of Shanghai, which had been reduced to ruins after intense hostilities for 90 days, the Japanese paid dearly. According to a conservative estimate, the Japanese casualties for the first 83 days ending Nov. 4 were around 40,000 killed and wounded and the cost of the operations totalled more than Yen 3,392,000,000 or Yen 37,688,888 per day.

A report based on foreign and other reliable sources revealed the damages and losses suffered by the Japanese Third Fleet in Shanghai as follows:

Two torpedo-boats, the *Hira* and *Matyu* were sunk by the Chinese on August 28 off Liuho, northwest of Woosung.

Two destroyers, Nos. 16 and 28 were damaged by the Chinese on August 23 in the neighborhood of Woosung.

The cruiser *Tatsuta* was damaged by the Chinese on August 24 off Woosung, and 24 bluejackets were killed and wounded and one officer was wounded.

The flagship *Idzumo* was once damaged by the Chinese in the stern in the Whangpoo, killing and wounding four officers, 11 gunners and 20 bluejackets.

The cruiser *Sardai* was once bombed by the Chinese on the Whangpoo. Eleven officers and bluejackets were killed, 20 more were wounded.

The destroyer *Okaze* of the Japanese Fourth Fleet, was reported to have been sunk by the Chinese on August 28 off Liuho.

The number of Chinese casualties appeared to be higher than the Japanese, because the Chinese had little or no equipment to resist the Japanese naval and aerial attacks. The economic losses were enormous. According to statistics compiled by the Research Department of the Kincheng Banking Corporation, the losses to Chinese industrial plants in Shanghai and its immediate vicinity, from the commencement of hostilities on August 13 to March, 1939, totalled $155,764,000. When complete figures are available, the losses are expected to be much larger.

First Puppet Regime

Following the Chinese withdrawal, the Japanese on Dec. 5 set up the first puppet regime in China. This was the so-called "Ta Tao Municipal Government" housed in a police bureau in Pootung, headed by a Formosan named Soo Hsi-wen. "Mayor" Soo was a good puppet but a nonentity among the Chinese in Shanghai. The Japanese felt dissastified and looked around for another one better known in the Chinese community. After much groping and considerable intrigue, they finally succeeded in picking up Fu Siao-en, erstwhile merchant-politician and head of the Shanghai Chamber of Commerce, as their No. 1 puppet. Ex-"Mayor" Soo was degraded and made Fu's chief secretary. Fu was installed as "Mayor" of Shanghai Municipality on Oct. 16, 1938 and has since remained in his puppet job.

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As the Shanghai war approached its second anniversary, Gen. Chiang Kai-shek, interviewed on August 2 by H. H. P. Melchers, Far Eastern Manager of the German *Transocean* news service, reaffirmed Chinese unwavering determination to continue resistance. China has almost become independent of foreign imports, Gen. Chiang declared, and can carry on resistance against the Japanese for an indefinite period. There is no hope for peace, the Generalissimo emphasized, until the Japanese withdraw their troops from China. No mediation by third Powers will be accepted by China on any other basis, he asserted.

Gen. Chiang showed much interest in Sino-German relations, stating that they could be considered as quite satisfactory. Touching upon the relations between the Kuomintang and the Communist Party in China, Gen. Chiang asserted that "China has no communists." All Chinese nationals are first and foremost Chinese and as such they have assisted in the work of national resistance.

China Said Self-Sufficient

Speaking about the military and economic reserves of China, Gen. Chiang declared that China, largely self-sufficient, had practically become independent of foreign imports and could continue, economically as well as militarily, resistance against the Japanese indefinitely. The country, Gen. Chiang explained, is now largely agricultural in structure and as such scarcely vulnerable from the air.

Commenting on the above statement by Gen. Chiang, the *Shun Pao* stated that the new strength which China has gained is derived chiefly from the Economic Reconstruction Movement, of which Gen. Chiang is the sponsor. Despite the Japanese invasion, the journal asserted, China has made unprecedented progress in economic reconstruction in the past twenty five months. Whereas before the hostilities, the economic center of the country lay in the coastal cities, it has now been removed to the interior.

Under the influence of the Economic Reconstruction Movement, the *Shun Pao* continued, considerable progress has been made in the development of communications in the south-eastern and northwestern provinces. Two new international highways—the North-Western Highway and the Yunnan-Burma Highway have been completed, to link China with the outside world. In the past two years, no less than 7,500 miles of highways were built in the South-West, besides several new railways now under construction.

Thanks to the centralized control exercised by the Government over foreign trade, the paper further said, there has been an increase of exports over imports in the past year in the various ports under Chinese control.

Concluding, the *Shun Pao* declared that Gen. Chiang Kai-shek is fully justified in saying that China is now in a position to continue resistance against the Japanese for an indefinite period, both economically and military.

Newspapers to Resume

As part of the observance of the second anniversary of the Shanghai War, Chinese newspapers in Chungking will resume independent publication. All these journals, since the destruction of their printing plants in the disastrous Japanese air raid of May 4, have been published together as the *Chungking Joint Daily News*. The independent liberal *Ta Kung Pao*, the Chinese army organ *Sao Tang Pao*, the Communist *Hsin Hua Jih Pao* and the official *Central Daily News* will be among the journals to start daily individual publication on August 13. They are expected to retain their old characteristics in the matter of style and news interpretation.

As rumor-mongers, the Japanese have always lived up to their reputation of being resourceful. Here is a tale which seems to represent nothing but Japanese wishful thinking. Announcing that a new puppet regime is expected to be formed jointly by Wang Ching-wei and Wu Pei-fu, the Japanese army spokesman told Shanghai's newsmen that there was a growing discontent in Chungking and Western China, as a result of which, he said, a close watch was being kept on leaders of the Szechwan troops. Among these allegedly unsteady generals, the spokesman named the hitherto unknown Gens. Yang Lin, Kuo Shi-kuo and Yu Fenhui. Then, he asserted, "five divisions of troops under Gen. Li Tsung-jen had left Chungking because they were about to be arrested."

According to report by *Domei*, discord has broken out between the Communist Party and the Kuomintang, because the Central Army forces are bringing pressure on the Communists. Gen. Chou En-lai, the Communist leader stationed at Chungking, who was reported by the Japanese to have been killed during a Japanese air raid, recently plotted a coup against the National Government, according to *Domei*. Without giving any details of the plot, *Domei* concluded that its disclosure had resulted in further dissension among the Chungking leaders.

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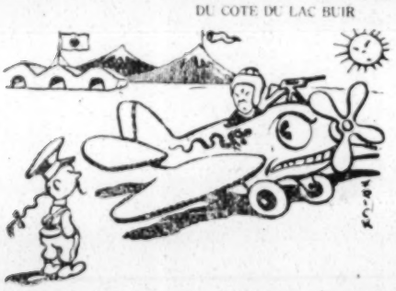
FOREIGN CORRESPONDENTS:

NEW YORK, LONDON, BERLIN, PARIS, GENEVA, OSAKA AND HONGKONG

Another 69 Soviet Planes Said Downed

AERIAL battles on the Manchukuo-Outer Mongol frontier are still occurring intermittently, according to reports by the Hsinking headquarters of the Kwantung Army, and Soviet-Outer Mongolian aviation is continuing to suffer phenomenal losses. The latest Japanese claim was made on Aug. 3, when it was reported that 69 Soviet planes had been shot down in the Lake Buir district in the preceding few days. Adding this figure to previous Japanese claims, Soviet-Outer Mongolian aviation has lost a total of 784 planes since the commencement of hostilities. (A later *Domei* reports gives the total as 862)



l'Oeuvre, Paris

"You look tired, oh invincible winged dragon."

"I should say so—I brought down 193 Soviet-Mongol planes yesterday and 307 more this morning."

On Aug. 6, the Soviet Union staged a nation-wide celebration of Russia's victory over Japan at Changkufeng a year ago, featuring it with a defiant challenge to Japan.

The main speaker in Moscow was Captain Mosloak, Soviet hero who is credited with having planted the Red Flag atop Changkufeng hill. He spoke on behalf of Changkufeng veterans now studying in the Moscow Military Institute and conveyed "greetings to our fighting commander, General G. M. Stern, chief of the Red Army in the Far East," who according to earlier reports had been removed from that post.

The *Tass* agency released the same day a communique giving Soviet and Japanese aerial losses on the Outer Mongolian front between July 26 and Aug. 5. The former were said to have lost only six planes, while the Japanese allegedly lost 67, which almost exactly reverses the Japanese claim.

On August 5, according to dispatches from Tokyo, an agreement was reached between Japan and the Soviet Union with regard to the dispute over Japanese oil concessions in northern Sakhalin. The agreement, which reportedly established collective bargaining rights for the Japanese concessionaires, according to *Domei* brightened the prospects for an eventual settlement of other pending issues between Japan and the Soviet Union in connection with Japanese concessions in northern Sakhalin.

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Japanese Expand Tire Factory in Tsingtao

According to the trade paper *Nippon* the Japanese tire manufacturing plant at Tsingtao has been completely repaired and is now turning out daily 6,000 automobile tires, 8,000 inner-tubes, 1,000 ricksha tires and 1,000 ricksha inner-tubes. A completely new plant is shortly to be constructed adjoining the present site in the Shantung port. The new plant will also engage in the production of tire-canvas.

The tires produced in the Japanese plant at Tsingtao are marketed under the name of "Bridgestone," this being the name of the original tire factory, previously located in Connecticut, which the Japanese purchased and transported to Japan. Few purchasers of "Bridgestone" tires in China or elsewhere realize they are manufactured in Japan or in the Japanese-owned and operated plant at Tsingtao.

Japanese Estimate British Investments in China

The Shanghai *Mainichi*, Japanese paper, on July 31, published an estimate of British investments in China, stating that the total today is U. S. $1,189,000,000, which represents 36 percent of the total foreign investment in the country. Japanese investments in China were estimated at U. S. $1, 136,000,000, according to the report. Of the British investments, U. S. $225,000,000 represents loans to the Chinese Government and U. S. $963,000,000 represents industrial and commercial enterprises. Some 70 percent of the industrial and commercial investments are in Shanghai, according to the Japanese report, which claimed that of the sum, U.S. $240,000,000 represented commercial investments, U. S. $202,000,000 movable property, U. S. $173,000,000 industrial development, U. S. $134,000,000 represented transportation and communications enterprises, U. S. $113,000,000 financial institutions, U. S. $48,000,000 investments in public utilities, U. S. $19,000,000 mining enterprises, U. S. $28,000,000 in miscellaneous commercial activities. The chief Chinese railways including the Nanking - Shanghai, Shanghai - Hangchow-Ningpo, Canton-Kowloon, Canton - Hankow, Tientsin - Pukow, Peiping-Hankow and Peiping-Liaoning lines contain large British investments.

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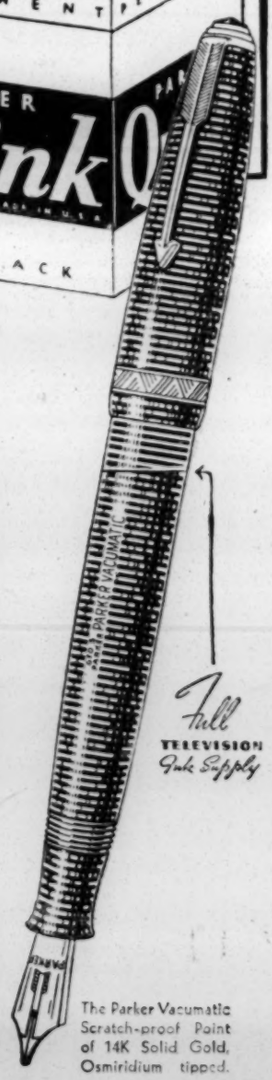

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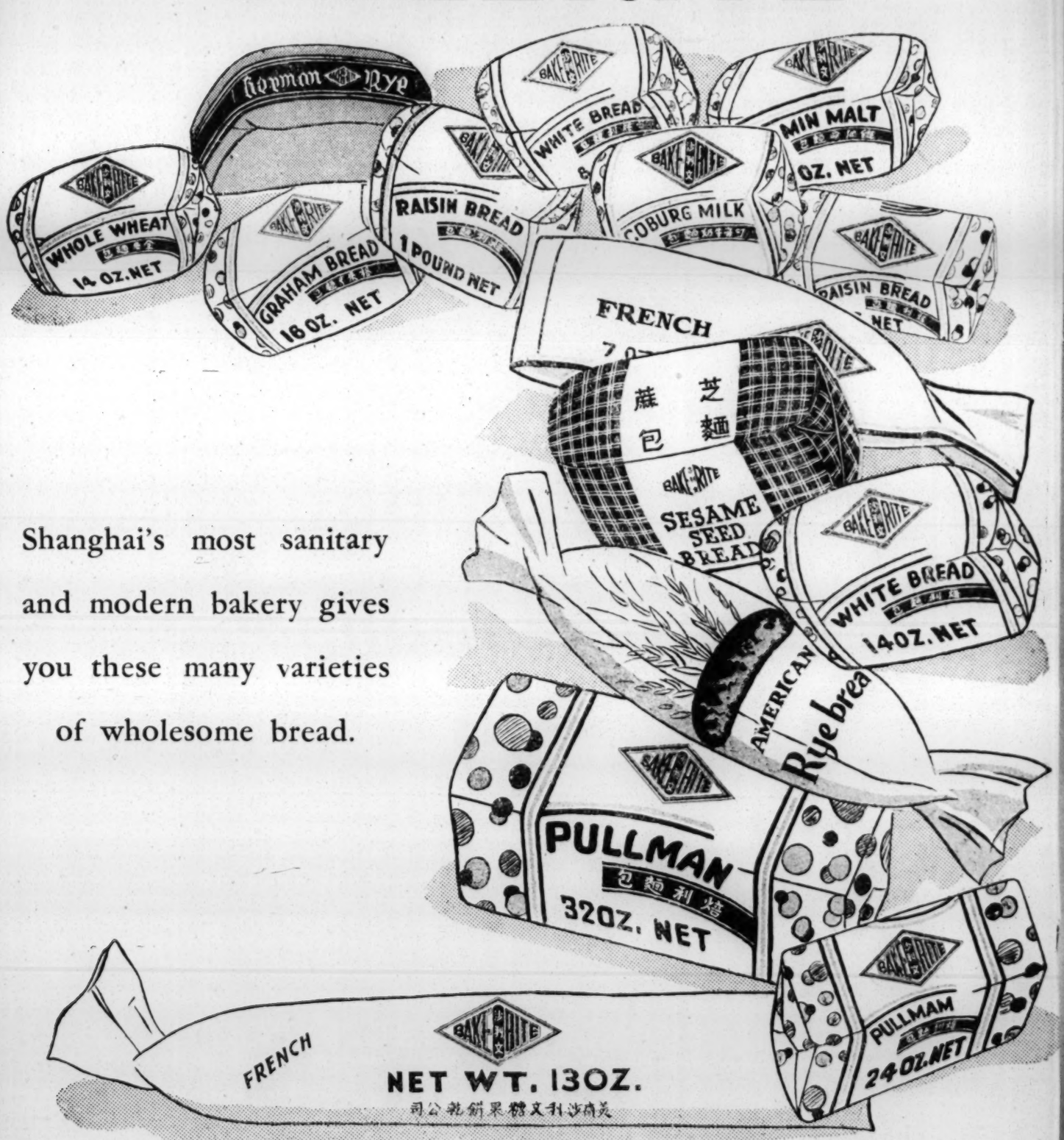

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Outstanding Events in the Sino-Japanese War A DAY-TO-DAY SUMMARY

First installment of this day-to-day summary constituting a complete record of outstanding events in the Sino-Japanese war on all fronts appeared in the September 11th (1937) issue of the Review.

July 22

Complete agreement on general principles on which the Anglo-Japanese negotiations on the Tientsin issue will be conducted said to have been reached by Sir Robert Craigie, British ambassodor, and Hachiro Arita, Japanese Foreign Minister. Statement of the terms of the accord to be issued simultaneously in London and Tokyo. Britain believed to have made "important gestures to placate Japan."

Sixteen anti-British measures, including a warning to Britons to move to safety zones and not to walk on streets, were adopted by the "mayor" of Peiping, presumably under Japanese inspiration.

The Japanese report that Chang Kiangau, Minister of Communications, had been "executed", was officially denied in Chungking.

Captain A. F. Wilson, American, and a Chiense were killed, one gunman shot dead, and over 20 other persons wounded at about 8.30 p.m., when some 15 terrorists made a surprise attack on the offices of the **Chung Mei Jih Pao** and the **China Evening News** at 130, Avenue Edward VII, Shanghai. About 50 shots were fired and four hand-grenades thrown in the vicinity of the newspaper offices. Motive of the attack believed political, as the **Chung Mei Jih Pao** printed the statements made by Dr. Lo Wen-kan and Wu Tsu-hui, denouncing Wang Ching-wei for his so-called "peace move" and anti-government and pro-Japanese activities.

R. A. Baker, acting pay clerk of the U.S.S. **Guam**, beaten and detained by Japanese naval sentry in Hankow, because he was walking on what the sentry considered was the wrong side of the street.

Swabue, about 70 miles north-east of Hongkong, recaptured by Chinese troops on July 20 after a counter-attack against the Japanese, according to a field dispatch received at Chungking.

***

July 23

Text of the Anglo-Japanese agreement on the Tientsin issue reached between Sir Robert Craigie, British Ambassador and Hachiro Arita, Japanese Foreign Minister, published by the Tokyo **Asahi Shimbun**. The agreement said: "The British Government recognizes the actual conditions prevailing in China, where large-scale acts of hostilities are in progress....that the Japanese forces in China have **specific** claims from the standpoint of guaranteeing their security as well as maintaining peace and order ....The British Government shall exclude all manner of action and measures that hamper the accomplishment of the aforementioned objects of the Japanese forces...."

The Anglo-Japanese parleys had passed the crisis with the settlement of general questions forming the background of the Tientsin situation, declared Baron Hiranuma, Japanese premier. The basic principle involved as a result of the settlement, he added, would be applicable to the whole of China, and not limited to Tientsin.

Following the collapse of a Japanese offensive in south-eastern Shansi, Chinese troops there are "mopping up" the Japanese remnants, according to Chinese reports. The Chinese recaptured Tungfengchen, 12 miles west of Yangcheng and the defeated Japanese were being pursued.

A Chinese field dispatch admitted that Chinese forces evacuated Chingchen in southeast Shansi.

Premises of the British mission in Sinyang, near Honan-Shansi border, burned by Japanese troops when they occupied the city on July 10 and 11.

Three towns in Kwangsi, Pintsiang, Liuchow and Nanning, bombed (yesterday) by Japanese planes.

Acting pay clerk R. A. Baker of the U.S.S. **Guam**, who was detained by the Japanese Naval Landing Party in Hankow for four hours on July 22, released follwonig vigorous representations by the U. S. naval authorities in Hankow.

***

July 24

Gen. Chiang Kai-shek condemned the Anglo-Japanese accord on China reached at Tokyo. He declared the agreement not valid without approval by China. Gen. Chiang said:

"It is unthinkable that Britain should faithlessly associate herself with Japanese aggression and sacrifice her long-established relations with China and at the same time cast aside her partner, America."

Wang Ching-wei reported to have been granted a sum of Y1,500,000 by the Japanese to finance a campaign against the National government in Japanese occupied areas. The campaign stated to include the establishment of a so-called "China Peace and Salvation Association" with the following three-point program:

1. To win over old Kuomintang officials who are still residing in this city;
2. To enlist the aid of Chinese bankers with large business holdings in Shanghai;
3. To recruit members among overseas Chinese and to divert their funds to the cause of the "pro-peace" movement.

Britain is not taking Japan's side against China and does not recognize Japanese sovereignty over the occupied territory in China, declared Premier Neville Chamberlain in House of Commons when he announced the Anglo-Japanese agreement on the Tientsin issue reached in Tokyo.

Japanese aircraft active in South China. Chihkiang, in west Hunan; Nanning in Kwangsi and Kian in Kiangsi bombed.

***

July 25

Chungking raided by 27 Japanese planes last night. Over 60 bombs dropped, causing several huge fires. Six Chinese planes went up to engage the raiders. French Embassy had narrow escape, when a bomb exploded within 50 yards of the Embassy building. Two other bombs exploded within 25 yards of a new hotel housing the offices of various foreign news agencies.

The Chinese Communist Party telegraphed Gen. Chiang Kai-shek, reiterating their unwavering support of the National Government. Message prompted by peace rumors during past two weeks.

Admiral Thomas Charles Hart took over command of the United States Asiatic Fleet, relieving Admiral Harry E. Yarnell. Ceremony conducted aboard Flagship **Augusta** anchored in the Whangpoo in Shanghai.

Several Japanese divisions in the

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Yangtsze Valley were recently withdrawn on the "spur of the moment," asserted Chinese military spokesman at Chungking. Some of the evacuated divisions moved away along Tientsin-Pukow Railway, while others departed for Japan. Japanese attacks in North China now hampered by heavy rainfall.

***

July 26

The American Embassy at Peiping lodged vigorous protest with the Japanese authorities over the assault on two American citizens by Japanese sentries. Father Daniel Schannell, American Catholic priest, and A. E. Smithberger, American athletee, slapped and detained by Japanese sentries on July 22. The protest demanded that disciplinary action be taken against the Japanese sentries responsible for the attack.

Japanese army spokesman declared that the Japanese authorities had decided to allow an American consular representative from Hankow to investigate the case of detention of the Rev. W. L. Holland, of the American Methodist Episcopal Mission in Nanchang. Decision made as a result of repeated American protests,

Dr. Wellington Koo, Chinese Ambassador to Paris, yesterday denounced the Anglo-Japanese argeement as contrary to all of Britain's treaty commitments and said that it betrayed a spirit of surrender that may prove to be a boomerang in Europe.

The British Chamber of Commerce and the China Association in Shanghai yesterday cabled a protest to London against the Angli-Japanese agreement as a "betryal of British interests and obligations in China."

Chinese Foreign Office at Chungking issued statement, expressing disappointment of the Chinese Government at the attitude of the British Government at the Tokyo parleys. Britain's recognition of Japan's "special requirements" in China regretted.

Threatending letters addressed to individual members of the staffs of the **Chung Mei Jih Pao**, American registered, and the **China Evening News**, British registered, received by the two papers. The letters demanded the staff members to quit within three days.

Gen. Chiang Kai-shek orders the completion of the Yunnan-Burma Railway before the end of the current year. The entire line is 530 miles in length.

***

July 27

The United States Government officially notified (yesterday) the Japanese Government of its decision to abrogate the Anglo-Japanese Treaty of Commerce and Navigation. Observers in Washington considered that denunciation of the treaty forshadows economic or commercial measures intended to combat Japan's attempt to impose her so-called "New Order in East Asia." The move believed designed to bolster Chinese morale. London and Chungking laud action.

The Anglo-Japanese negotiations on the Tientsin issue said progressing. Economic questions and appointment of Japanese liaison officers to assist in policing the British Concession in Tientsin discussed.

Following the anti-British riots at Tangku (Tientsin) on July 23, British residents in Tangku and Taku are threatened with death by a so-called "anti-British Committee" if they fail to evacuate the place within four weeks.

Chinese troops re-captured Tsungyang in south Hupeh on July 25 and Hwangyuan in North Anhwei on July 20, according to Chinese field dispatches.

Wuchow in Kwangsi and Chungshan in Kwangtung bombed by Japanese planes. Many fires started in Wuchow.

Gen. Chiang Kai-shek, addressing the annual meeting of the Chinese Mohammedan Salvation Association at Chungking yesterday, voiced appreciation of the contributions in men, money and in other forms made by the 50,000,000 Chinese Muslims towards China's war of resistance against Japan.

***

July 29

Anglo-Japanese talks in Tokyo deadlocked over the question of the ban of Chinese national currency in the Tientsin British Concession. Britain said refusing to surrender the silver specie held by the Chinese banks there.

British residents in Japanese occupied areas of Tientsin warned by a so-called Anti-British League to evacuate Tientsin at the earliest moment, if they wish to save their lives.

Driven from Kaifeng by the most violent threats, about 20 British missionaries recently arrived at Tsingtao.

Secretary of State Cordell Hull indicated yesterday that there must be a satisfactory settlement of political differences between the United States and Japan before any new treaty can be negotiated between the two nations to replace the Japanese-American Treaty of Commerce and Navigation of 1911 which the United States abrogated on July 26.

Commeting on the abrogation of the treaty, the New York **Times** said:

"It cannot fail to encourage China in a dark hour. The Chinese have suffered a heavy blow through forced concessions by Britain to Japan's special requirements. There is no doubt that the United States desires to encourage the Chinese Government and stiffen its morale."

Yang Wong-kang, 26, Customs broker, arrested by Shanghai Municipal police while carrying two pistols and a quantity of ammunition into the Lee Building at 160 Avenue Edward VII, Shanghai's "Newspaper Row." The building houses many newspapers, including the **China Weekly Reivew**, **China Press**, the **Chung Mei Jih Pao** and the **China Evening News**. Yang maintained an office on the 3rd floor of the building—the same floor where the **China Press** and the **China Evening News** are located. Yang's office was searched by the police and more arms were discovered and seized. As a result of the seizure, Police strengthening precautions to protect the various newspapers in the building against terrorist attacks.

All circles in Japan deeply shocked by America's forthright abolition of its commercial treaty of 1911 with Japan. Tokyo Foreign Office spokesman declared that Japan was not demanding U. S. recognition of East Asia situation and was ready to sign a new pact.

Severe fighting breaks out in southern Honan, where some 4,000 Japanese troops attempting to advance to the north of Hsinyang with Chuehshan as objective. On the South China front, Chinese troops re-entered Chaochow, near Swatow. After some severe street fighting with the Japanese garrison, they again withdrew following arrival of Japanese reinforcements.

Troops from India Arrive in Singapore

The Fifth Battalion of the Second Punjab Regiment under command of Brigadier A. M. C. Paris arrived in Singapore Aug. 6, *Reuter* reported. All except those with special permits were barred from the wharves when the troop ships docked. Three further battalions were expected to reach Singapore from India in the following few days to reinforce the Malaya garrisons. They were to be housed in tent encampments pending construction of semi-permanent barracks. A *Transocean* report from London said that 7,000 troops would reach Singapore before the end of the present month.

Who's Who in China

Dr. Wu Yung-hsi, chemist and university professor; born at Tsengyi, Kweichow, April 26, 1909; graduate of Nankai Middle School in Tientsin; B. S. National Tsinghua University, Peiping, 1930; Ph.D.

Dr. Wu Yung-hsi
吳榮熙

Berlin University (pharmaceutical chemistry), 1935; assistant, Berlin University; Research Fellow, Kaiserwilhelm Institut in Berlin; now, chief technical expert, Narcotic Drugs Bureau of the National Health Administration and professor at National Chekiang University; author of several technical papers on chemistry; address: Narcotic Drugs Bureau, National Health Administration, Chungking.

Native Exports Increased Since Start of Invasion

Exports of Chinese native products have been on the increase since the outbreak of the Sino-Japanese hostilities in August, 1937, according to the Ministry of Finance at Chungking. Whereas in August, 1937 native exports amounted to $45,223,000, they were increased to a monthly average of $70 millions for the first half of this year. The steady increase in exports may be seen in the following official figures:—

1937:	
August	$45,223,000
September	67,159,000
October	48,734,000
November	50,217,000
December	55,229,000
1938:	
January	$43,098,000
February	40,902,000
March	50,152,000
April	56,639,000
May	57,418,000
June	74,386,000
July	77,263,000
August	80,200,000
September	79,823,000
October	76,114,000
November	67,011,000
December	59,621,000
1939:	
January	$67,435,000
February	58,228,000
March	68,150,000
April	65,680,000
May	83,541,000
June	68,425,000

Italian Marines Round Up 'Badlands' Gunmen

Some 16 members of the Special Service Corps of the "Chung Kuo Kuomintang Anti-Comintern League," a pro-Wang Ching-wei group, armed with Mauser pistols, hand-grenades and swords were surrounded and taken into custody by Italian marines near Shanghai's "badlands" on Aug. 3. The gunmen were rounded up by the Italian force after they had forcibly occupied the Zao Ka Doo Merchants' Street Union at 1081 Jessfield which is within the International Settlement perimeter but actually outside the Settlement limits.

Barricading themselves within the building shortly after 9 a.m., the terrorists appeared to be ready to resist the Italian Marines after these were rushed to the scene in a military truck. However, when it was demanded of them to surrender, they meekly gave themselves up. Disarmed, they were herded into a military truck and taken to the Italian marine headquarters at 62 Robison Road. Subsequent reports said that the Italians had released the gunmen to the Japanese authorities, but this has not been confirmed.

The armed gang set out from their "badlands" headquarters at 8:45 a.m. They were dressed in foreign clothes, some of them wearing overalls. All freely and unnecessarily displayed their weapons. Eye-witnesses said that "Ta Tao" policemen bowed respectfully to the gangsters as they passed by, and well-informed sources indicated that the gang was connected with the Japanese Special Service Section. This could not be confirmed, however.

Capital Said Flowing To Occupied Districts

Flight of capital to Japanese-occupied zones, especially Shanghai, has been increasing rapidly of late despite efforts of the Chungking regime to check the tendency in order to secure funds needed for construction work in southwestern China, according to a press message from Shanghai to Tokyo, reported by *Domei*.

The Chungking Government was said to have ordered four banks under its supervision, the Central Bank of China, Farmers' Bank of China, Bank of China and Bank of Communications, to organize a domestic exchange control committee to check the movement of capital to Japanese-occupied areas. The committee will be organized next week, the message said.

If exchange control is strictly enforced imports of materials from Shanghai would be greatly reduced, the message predicted. According to the plan, checks addressed to Japanese-occupied districts will be drawn under special permission of the committee. Such domestic exchange bills would be permitted up to $500.

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Men and Events

A son, Peter James, was born to Dr. and Mrs. Francis B. Nance, at the Shanghai Country Hospital, on August 2.

*

The trade agreement between the United States and the Soviet Union was, on August 5, extended for another year.

*

Victor Keen, correspondent for the New York *Herald-Tribune*, has returned to Shanghai from Tientsin where he went several weeks ago to cover the Anglo-Japanese crisis.

*

Cyril Rogers, representative of the Bank of England in the Far East, arrived in Shanghai this week from Hongkong. He was accompanied by Mrs. Rogers.

*

Jacob Berglas, promoter of the Yunnan settlement scheme for Jewish refugees from Germany departed for the United States on the Empress of Canada this week.

*

J. V. Crowe, manager of Ford Motor Company in China, and Mrs. Crowe are scheduled to sail from San Francisco for Shanghai on August 25. Mr. Crowe was ill for several weeks at the Ford Hospital at Dearborn, Mich., but has recovered.

*

Jawaharlal Nehru, Indian nationalist leader, may shortly visit Chungking, according to report from the Chinese national capital on July 28. The Government has appoined a special committee to arrange for Mr. Nehru's entertainment.

*

B. M. Simansky, Acting Consul-General for the U. S. S. R. at Shanghai, is planning to depart for home on vacation shortly. He will be accompanied by Mrs. Simansky, and they will travel by way of India and Suez.

*

Insurance against revolution in Japan: According to the *Asahi* (July 29) the Ministry of the Interior has decided to establish "Thought Research Societies" in every prefecture of the country, the object being to "strengthen the guidance of thoughts behind the gun."

*

Tokujiro Hirai, who has been employed by the police department of the Municipal Council of the International Settlement since 1916, has retired and will shortly return to Japan to live. He was a member of a group of 30 Japanese police officials who joined the Settlement administration in 1916.

*

Dr. Robert E. Brown, A. B., M. D., D. S. P. H. head of the Methodist Mission General Hospital at Wuhu, has returned to that city after an extensive trip through west and northwest China. While in Chungking, Dr. Brown served as chairman of the West China Advisory Committee on Civilian Relief. Dr. Brown was born at Danville, Ill., and is a graduate of the Medical Department of The University of Michigan at Ann Arbor.

Okinori Kaya, former Japanese Minister of Finance, was appointed head of the Japanese official monopoly enterprise, North China Development Company, in succession to Sonyu Otani, who died in Kalgan recently. Mr. Kaya was recommended for the post by Lieut.-General Heisuke Yanagawa, secretary-general of the Asia Development Board.

*

W. S. Leonard, manufacturers' representative, has returned to Shanghai after a trip of several months in the United States, Straits Settlements, Netherlands Indies, Philippines and Hongkong. Mrs. Leonard returned to Shanghai several weeks ago and they are residing at the Clements Apartments, Rue Lafayette, French Concession.

*

The International Settlement, according to *Domei*, has employed its first Japanese woman, Miss Fujie Mitani, 24-years old, who will serve as a stenographer in the police department. She will be connected with the Japanese branch. Her brother, Itsuo Mitani, is a teacher in the Japanese Commercial School in Hongkew. Miss Mitani is a graduate of Meiji University and previously was employed by Mitsubishi Shoji Kaisha.

*

The Korean Prince Gin Ri of the defunct Royal House of Chosen, who was taken to Japan when an infant and educated under Japanese auspices, is now a Major-General in the Imperial Japanese Army. On August 3 the Japanese General Staff announced that Prince Ri who had returned to Japan from North China "where he had served at the front since October," had been appointed commander of the Second Brigade of the Imperial Guards.

*

According to the German *Transocean* service there is likelihood that the Japanese Government may recall Ambassador Horinouchi from Washington permanently. The report quoted two contradictory reports, one from the *Nichi-Nichi*, stating the Ambassador would be recalled "purely and simply." The *Kokumin Shimbun* said he would be summoned back to Tokyo in order to enable Tokyo officialdom to obtain the "background" on America's abrogation of the commercial treaty. It said the Japanese Government's future attitude would be based on Horinouchi's report.

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The U.S. House of Representatives July 28 passed a measure imposing penalties on anyone who counsels a member of the American armed forces to disobey orders of a superior officer. The measure is an outcome of an investigation concerning alleged efforts of Communists to propagate their doctrines among American sailors and soldiers.

*

Dr. George Sellett, former U. S. District Attorney at Shanghai and now a practicing attorney was a passenger on the China Clipper which reached Honolulu enroute to the United States on July 28. Dr. Sellett was in Chungking on business when he received a telegram from relatives stating his sister residing at LaSalle, Illinois, was seriously ill..

*

The Lunghai railway which extends from the sea at Haichow, Kiangsu, westward through northern Kiangsu, Anhwei and Honan to Sian, capital of Shensi, is to be extended according to Kuomin report. The main line is to be extended from the present terminus, Paoki, to Tienshui, important trade center of southwestern Kansu. Another extension is to be built from Sian northward to Tungkuan, an important mining area in northern Shensi. Contractors have been asked to submit bids for the construction work.

*

Walter B. Smith, who has been employed in the reportorial department of *The China Press* for several months departed for the United States this week. Mr. Smith is a graduate of the Shanghai American School and plans to enter Central College, Fayette, Missouri this fall. After a special course there, Mr. Smith plans to enter the School of Journalism at the Unversity of Missouri. He is a son of Mr. and Mrs. Wesley M. Smith of the Methodist Mission, Soochow.

*

Good weather and the military boom are held responsible for a phenomenal increase in Japan's beer exports to China which are expected to top 100,000,000 bottles this season. Last year's sales, according to the *Nichi-Nichi*, amounted to 81,600,000 bottles. The brewing industry in Japan is now handicapped by shortage of new materials, particularly bottles. The Dai Nippon Brewery Company now controls branches in Tsingtao and Peiping. The Army authorities recently ordered the Tsingtao plant to produce cider in addition to beer.

*

Robert Y. Jarvis, who has served as U. S. Consul-General at Hankow since the Japanese occupation of that city, is now in Shanghai on vacation. Mr. Jarvis was born in Clay City, Kentucky and is a graduate of Princeton, University of Louisville Law School and the New York Law School. After practicing law for some time he engaged in commercial work and mining, but in 1921 joined the U. S. Foreign Service and was assigned to Warsaw, Poland. He came to Shanghai in 1926 where he served for a year and then was transferred to Calcutta, India. In 1932 he was transferred to Barbados, later serving at Port-au-Prince, Asuncion, Antofagasta and in April, 1935 went to Hankow.

The magazine *Ken*, published in Chicago as an offshoot of the magazine *Esquire*, suspended publication with the August 3 number. It was started in March 1938 as a fortnightly publication but recently changed to a weekly. Arnold Gingrich, editor, explained the suspension on the ground the magazine "failed to meet expectations."

*

The Oriental Consolidated Mining Company, which, according to *Reuter* report from London, is said to be the oldest American-controlled gold mining enterprise in the Far East, may be sold to Japanese interests. It was stated that the Japanese have made an offer of U.S.$8,175,000 for the company's interests which are located within Japanese-occupied territory. A meeting of the stockholders has been called for August 29 to vote on the proposal. The offer has been made by the Japan Mining Company, subsidiary of the Aikawa interests. Although not stated in the *Reuter* report it was said that the company's interests chiefly are located in Korea and Jehol.

Tatsuichiro Funatsu, for many years Director-General of the Japanese Cotton Mill Owners Association in China, has resigned, according to *Domei* report. Mr. Funatsu served for several years as Consul-General at Shanghai prior to his appointment as head of the Japanese cotton mill association. It was stated that he plans to devote himself to other enterprises "concerned with the development of China."

*

The German expedition to Tibet returned to Munich on August 5 after an absence of eighteen months. The group, consisting of five members, were the first Germans to visit Lhasa. Dr. Schaefer, leader of the expedition, said that they had experienced numerous difficulties due to dissemination of rumors that they had been entrusted by Hitler with a political mission. He said, however, that after they had convinced the British Military Mission at Gyantse that the expedition was purely scientific, that they had then received a great deal of friendly help from the British authorities in India.

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In re. Estate of Albert Fletcher Wilson, Deceased.	Cause No. 4421 Special Proceedings No. 2300 NOTICE Filed at Shanghai, China Aug. 1, 1939 WILLIAM T. COLLINS clerk

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of ALBERT FLETCHER WILSON, deceased, to present the same with vouchers to the undersigned on or before February 6, 1940, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

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Shanghai, China.
Shanghai, China.

Gene Lamb, who was once employed in the picture department of the British-American Tobacco Company and in other moving picture enterprises in China is now helping the Culture Bureau of the Tokyo Foreign Office in turning out a "culture" film dealing with Japan. In an interview published in the *Japan Times'* Weekly, Mr. Lamb said that 90 percent of the lecturers on Oriental topics in the United States are "inexperienced and misinformed and are misleading the American public." He said that Americans only wanted to hear "pro-Chinese talks."

*

H. R. Ekins, well known correspondent with the *United Press*, has been appointed manager of the Rome bureau of that organization according to a report in *Editor and Publisher* on July 8. Mr. Ekins was in Shanghai when the Japanese launched their attack on this city two years ago. Later he returned to the United States and made an around-the-world flight entirely in commercial planes. Mr. Ekins is the second newspaperman previously stationed in Shanghai to be sent to Rome, the other being Lloyd Lehrbas of the *Associated Press*.

*

The Japanese miliary authorities at Tientsin have appointed the White Russian Major-General Alexander Eglau as principal of the Japanese-sponsored Russian Military College which all Russian males in the Tientsin district must attend. Eglau served in the Russo-Japanese and World Wars and for a considerable time has been head of the White Russian Anti-Comintern Party organized by the Japanese Army in northern Chinese cities and also in Manchukuo. The Russian Military College at Tientsin is located in the former Soviet Consular building, which was seized by White Russians assisted by Japanese ronin, on June 10. Anatole Eglau, a 24-year old son of Gen. Eglau, who was connected with the French police department, attempted to commit suicide recently by shooting himself in the temple with a service revolver. He is still confined to the hospital.

*

Dale Carnegie, author of "How to Win Friends and Influence People," arrived in Japan a few days ago just in time to witness an anti-British parade and demonstration which was being staged by the Japanese Government and reactionary organizations for the purpose of intimidating the British in connection with the Anglo-Japanese conference. Mr. Carnegie stated that that was "no way to win friends for Japan." Mr. Carnegie was invited to make a tour of Japan (with all expenses paid) for the purpose of making a survey of conditions in Japan, Korea, Manchuria and North China. He denied, however, that he planned to do propaganda work for the Japanese Government. He said he was deeply impressed by Japanese courtesy (*in Japan*). Mr. Carnegie's first book has sold 1,200,000 copies and has been reprinted in all languages, including a pirated edition in Shanghai.

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New Books of Interest in the Far East

A Dispassionate Study

JAPAN: THE HUNGRY GUEST—*By G. C. Allen. London, George Allen and Unwin, Ltd., 1938. (10s. 6d.).*

In a day in which most books on modern Japan depict that nation in terms of either extravagant approval or disapproval, it is pleasant to read a description by a political economist who is able to present the facts he has discovered in a cool, dispassionate account. Not that Mr. Allen does not hold opinions on present day Japan—quite the contrary. But he does reduce his personal views to the minimum and makes every attempt to allow the reader to draw his own conclusions. And the conclusions formed by the reviewer indicate that Mr. Allen has found Japan wanting.

The author, Professor of Economic Science in the University of Liverpool, is mainly interested in Japan's economic problems, to which he has devoted about two-thirds of his book. But his residence of several years in Japan as a teacher in a government college at Nagoya has allowed him to obtain an insight into other phases of Japanese life.

He starts his book with a chapter called "The Japanese Spirit," which might better be named "Japanese Methods of Thinking," for he deals with the traditional philosophy and psychology of the nation, emphasizing in particular the great respect for authority which most Japanese retain, and their tendency to use their "hearts" rather than their "heads" in solving problems. Next he turns to the structure of society, following it by a chapter on political organization, significantly called "The Government of the People." The real core of the book consists of a penetrating analysis of Japan's economic structure and problems — her fields, factories, workshops, wages, depressions, foreign and domestic trade—all of which are described in clear non-technical language. He ends his book with a description of how this economic structure has directly contributed to the rise of a domestic military dictatorship and the growing consciousness of Japan's "Manifest Destiny" in continental Asia.

C. E. P.

Catholic Action Explained

RESTORING ALL THINGS TO CHRIST: A Guide to Catholic Action.—Edited by John Fitzsimons and Paul McGuire. New York. Sheed and Ward. Price U.S.$2.00.

To anyone acquainted with present-day movement in the Catholic Church, the term Catholic Action is one of intriguing interest. Unfortunately, the majority of those who are familiar with the term Catholic Action are not clear as to its precise meaning and nature. This same statement holds true for many of the members of the Catholic Church itself. Hence Catholics and non-Catholics alike who hesitate to attack any of the weighty and learned volumes recently issued on this topic will find this simple and practical description of the workings of Catholic Action a welcome means of becoming better informed in this matter. *A Guide to Catholic Action* presents in a manner within the grasp of all what Catholic Action is and what it is not. It explains quite simply from what doctrine it has taken root and how it has grown in each new given soil and environment. It will be found especially useful for English-speaking countries in which Catholic Action has neither the root nor growth that it has in European nations.

Catholic Action is not something new within the Church; neither is the doctrine from which it springs, that of the Mystical Body of Christ, a new one. The latter was clearly and frequently expressed by St. Paul in his epistles, the former was in common practice among the members of the early church. Controversy in doctrinal matters with outside forces and the struggle to build up the church in new countries led to a neglect of this important doctrine of the Mystical Body and of its practical outgrowth in Catholic Action. However, cessation of doctrinal attacks, the encroachments of modern materialism and indifferentism, and the struggle to win back

THE CHINA QUARTERLY

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(WAR-TIME FOREIGN RELATIONS, TRADE AND INVESTMENT)

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the working class have again emphasized the doctrine which works a revolution in the personal and social order wherever it is righty understood.

As is well stated in the introduction, "Catholic Action is the Mystical Body (of Christ) at work, restoring all things in Christ, and it is well to see that it is not made up of sporadic outbursts in different countries nor is it confined to a few countries." After a brief and simple explanation of the relation of Catholic Action to its well-spring, the doctrine of the Mystical Body of Christ and its self-expression in the Church's liturgy, the editors set forth a brief history of the life and growth of this movement in the various nations of the world. Of special interest to those living in China will be the brief description found on pp. 78-82 of Catholic Action in China. English-speaking people will be astounded at the unprecedented growth of this movement among the working classes of Belgium, Italy and France. All classes, all trades, and all ages have their own individual groups in a wonderful diversity that is only matched by the unity of aim in each one, namely, the restoring of Christ's place within the hearts of its members and the spreading of that same spirit to all those within the range of their acquaintance and contact. These groups are the growth of the cells of the Mystical Body of Christ.

The editors do not go into a dry doctrinal treatise in this book but give us a clear statement of the definition and aims of Catholic Action, followed by a description of its growth as a living thing. They insist that, as it is a living thing, it must be studied as such and not as a theory or philosophy. The closing chapter on Formation Technique will be very useful to those who are just forming a new group and will assist the ordinary reader in seeing the practical side of Catholic Action. Outlines of yearly study programs and of individual meetings give a firsthand glimpse of the actual workings of the Catholic Action Groups. Although the book is a symposium on the subject of Catholic Action, careful editing has given it a pleasing unity and continuity.

A. O'H.

New Shanghai Directory

A volume which has for many years been a useful reference in offices in Shanghai and other China cities—the *Shanghai Directory* or Supplementary Edition to the *China Hong List*—has once more made its annual appearance. It has 58 more pages than the issue of July, 1938 and lists 1,800 additional names in the Who's Who section.

The publishers, North-China Daily News & Herald, Ltd., state that the last edition was given a thorough overhauling, so that the listings packed within the 615 pages of the new volume are as up-to-date and accurate as conscientious labor and the time factor in publishing can make them. Selling at $8, local currency, the Shanghai Directory is now on sale at all bookstores and at the offices of the publishers.

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The recent action of the U. S. Government in abrogating the 28-year old commercial treaty with Japan brings to a close an interesting chapter in the relations of Japan and the United States. What will the next chapter disclose?

Through an interesting coincidence **THE CHINA WEEKLY REVIEW** published (July 22), just before the abrogation of the American-Japanese Treaty, an article written by Julean Arnold, American Commercial Attache, which provides the best possible background for an understanding of the significance of the recent Washington action.

Mr. Arnold's article has been reprinted in a 20-page pamphlet under the title, "China's Fate and America's Future." It may be obtained at the rate of five copies for $1. Since it constitutes the best explanation of the situation concerning the commercial relations of America-China-Japan, it should receive a wide circulation. Order a supply and mail to your friends and connections abroad.

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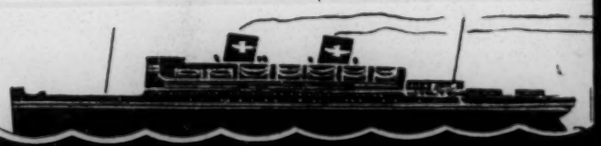

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